

REPORT

OF THE

PUBLIC ACCOUNTS COMMITTEE

ON THE ACCOUNTS OF THE

FEDERAL GOVERNMENT OF PAKISTAN

FOR THE YEARS

1985-86, 1986-87 & 1987-88

NATIONAL ASSEMBLY SECRETARIAT
ISLAMABAD

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FOREWORD

Committees developed as a practical forum for comprehensive parliamentary interaction very early in the history of democratic institutions. In Pakistan committee system could not come to occupy the pivotal role on the pattern of other modern parliaments, due to inadequate provision in the operative regulations. The National Assembly of Pakistan Rules of Procedure and Conduct of Business, 1992, which emerged as a consensus document after a hectic and marathon drafting effort, have now provided the basis for a much more vibrant committee system.

The early development of the parliamentary system was intricately tied to the efforts of the British Parliament to establish its control over the public exchequer. This control has continued to be considered as a vital component of parliamentary supremacy. The power to authorize spending, however, generates a corresponding responsibility to ensure that public money is properly spent by the executive agencies. In most parliaments patterned on the Westminister model, this responsibility is assigned to a specialized committee commonly known as the Public Accounts Committee.

The Public Accounts Committee as such has a highly technical and sensitive mandate. It bases its work on the reports of the Auditor-General. The Auditor-General of Pakistan is a constitutional office established to maintain the accounts of the Federation and provide an independent professional opinion on federal spending. The report of the Public Accounts Committee to the National Assembly is the final act in an elaborate system through which the directly elected chamber receives a detailed report on the actual utilization of the money granted by it for the operation of the federal government.

The minutes of the meetings attached to the report would highlight the involvement of four distinct agencies viz, the Public Accounts Committee, the National Assembly Secretariat, the Auditor-General's Department and Ministries/Divisions/Departments of the Federal Government represented primarily through their Principal Accounting Officers/Administrative Secretaries, in a comprehensive effort aimed both at

accountability and getting better value for public money. Taken as a whole the report would also exemplify that institutional accountability is a systematic and organized effort in which the elected representatives play the lead role through patient, repeated and meaningful participation.

The previous published report of the PAC covered the period up to the financial year 1984-85 and was laid on the floor of the House in 1988. Accounts and audit reports of three subsequent financial years i.e. 1985-86, 1986-87 and 1987-88 were considered by three consecutive Standing Committees on Public Accounts. The work of these committees has been brought together in this report which was unanimously adopted by the Committee on December 10, 1992. Its submission to the National Assembly and circulation to the general public has already been delayed due to the dissolution of the Assembly.

The drafting and publication of this voluminous report has been made possible as a result of the diligent efforts of Mr. Arif Mansur, Joint Secretary, Mr. Jamal Abdul Nasir Usmani, OSD and staff of the Public Accounts Committee Wing of the National Assembly Secretariat. It would not be out of place to appreciate their meritorious contribution.

ABDUL RAUF KHAN LUGHMANI
Secretary
National Assembly of Pakistan

Islamabad:
August 11, 1994.

MOTION ADOPTED BY THE NATIONAL ASSEMBLY OF PAKISTAN ON 2ND JUNE, 1992

"That under rule 262 of the Rules of Procedure and Conduct of Business in the National Assembly, 1973, the requirement of rule 214(1) of the said Rules be dispensed with in its application to the unfinished work of the former Public Accounts Committee in respect of the Accounts of the Federal Government and the reports of the Auditor-General of Pakistan for the years 1988-89, 1989-90 and 1990-91 to enable the Public Accounts Committee to proceed from the stage where the previous Committee left the proceedings."

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Price: Rs. 300

REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE ACCOUNTS OF THE FEDERAL GOVERNMENT FOR THE YEARS 1985-86, 1986-87 AND 1987-88

INTRODUCTION

This report to the National Assembly of Pakistan by its Standing Committee on Public Accounts covers accounts of the Federal Government and Auditor-General's reports thereon for three consecutive financial years: 1985-86, 1986-87 and 1987-88. With submission of this report the Committee has finalized work left unfinished by its two predecessor Committees.

2. Compilation of annual accounts and audit of spending is a continuous process. "Rules of Procedure and Conduct of Business in the National Assembly", as adopted on 5th August, 1992, have acknowledged this continuity by incorporating specific provisions pertaining to "Unfinished Work of the Committee" and "Continuity of the Proceedings". These provisions have made it possible to establish the required link with previous consolidated report of the Committee which covered the period from 1981-82 to 1984-85.

3. Since laying of that report on the table of the House, in two instalments, on 20th January and 7th March, 1988, two previous PAC's had done considerable work which could not have been formally presented before the National Assembly due to lack of an enabling clause in Rules of Procedure and Conduct of Business in the National Assembly, 1973. Now with incorporation of rules 185 and 186 in Rules of Procedure and Conduct of Business in the National Assembly, 1992, it has become possible to provide a legal basis to the recommendations of the two previous Committees and thereby preventing a permanent lacuna in accounts of the Federal Government.

4. Elected by the House on 16th May, 1991, this Committee became functional on 27th May, 1992 with the election of its Chairman. A day earlier, on 26th May, the House had referred for Committee's consideration accounts and Auditor-General's reports for 1988-89 and 1989-90. The Committee could have started its work

afresh with the accounts of these two years. It was, however, felt that this course of action would have left unfinalized accounts and reports of three years, especially 1987-88, whose accounts/audit reports were only partially examined by the previous Committee. After discussing various aspects of the situation, the Committee decided in its meeting on 31st May, 1992, that its examination of government accounts and Auditor-General's reports constitutes a highly significant component of parliamentary control of governmental spending. Institutional continuity of this process of accountability should remain independent of electoral changes and above partisan considerations. One prerequisite for establishing the needed continuity was that work done by one Committee should be endorsed by its successors as a valid contribution by a competent superior body.

5. Rules of Procedure and Conduct of Business, in the National Assembly, 1992, being under discussion at that time, the House was requested through Committee Chairman to especially refer unfinished work of the previous PACs to the present Committee in relaxation of the relevant provisions of the Rules of procedure and Conduct of Business in the National Assembly, 1973. The motion as moved by the Chairman PAC was unanimously passed by the House on 2nd June, 1992. The Committee accordingly took up the unfinished accounts and reports of 1987-88 from 1st July, 1992. This examination was completed in two sessions: 1st to 14th July and 26th to 30th July, 1992.

6. While reporting on its deliberations of July 1992, the Committee also places on record of the National Assembly, unreported recommendations and deliberations of two previous Committees pertaining to the following financial years:

(i) 1985-86: Accounts/audit reports for the year were taken up by the PAC of National Assembly elected in 1985. The Committee had only considered accounts and reports of 4 Ministries by the time the House was dissolved on 29th May, 1988. Remaining work was taken up by the PAC of the National Assembly elected in 1988. Report of the Committee was in process of finalization when the Assembly was dissolved on 6th August, 1990.

(ii) 1986-87: Accounts/audit reports for the year were considered by PAC of the National Assembly elected in 1988. Minutes of the meeting were under

preparation when the Assembly was dissolved on 6th August, 1990.

(iii) 1987-88: Accounts/audit reports for the year were partially considered by PAC of the National Assembly elected in 1988. The Assembly was dissolved before the Committee could complete its examination of the accounts and reports of the year.

As would be seen from the above details, unless accounts/audit reports for the above years are brought to their logical conclusion, billions of rupees spent through excess budgets during the three years and issues raised by Auditor-General in numerous cases would remain without legal sanction or would remain unresolved.

7. The Committee has therefore adopted recommendations/decisions/views of previous two Committees on accounts/audit reports for financial years 1985-86, 1986-87 and 1987-88 and includes them in its report on the unfinished accounts/audit reports for the year 1987-88 with the recommendation that the entire report be adopted by the National Assembly of Pakistan.

FUNCTIONS OF THE PUBLIC ACCOUNTS COMMITTEE

8. Sovereignty of the elected House in financial matters is ensured by the Constitution through a set of inter-related provisions. Financial procedure laid down in the Constitution establishes a mandatory obligation on the National Assembly to get involved in details of budget estimation and approval through working of the House and its Committees. While estimation and approval of moneys voted as grants forms the basis of executive activity, executive spending itself is not left uncontrolled. Monitoring and review which constitute essential elements of control, are assigned to a specialized authority which assists the Parliament in reviewing in detail the financial functioning of the government. By ensuring that annual accounts of the government and reports of the Auditor-General are laid before the National Assembly, the Constitution passes on to the elected forum the responsibility for accountability of moneys voted by it for operation of the Government.

9. Under the Rules of Procedure and Conduct of Business, practical authority to enforce financial accountability stands delegated by the National Assembly to its Standing Committee on Public Accounts. Rule 184 defines the functions of the Committee in the following words:—

"Rule 184. Functions— (1) The Committee shall examine the accounts showing the appropriation of sums granted by the Assembly for the expenditure of the government, the annual finance accounts of the government, the report of the Auditor-General of Pakistan and such other matters as the Minister for Finance may refer to it.

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

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

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

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

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

(a) to examine the statement of accounts showing the income and expenditure of state corporations, trading and manufacturing schemes, concerns and projects together with the balance sheets and statements of profit and loss accounts which the President may have required to be prepared or are prepared under the provisions of the statutory rules regulating the financing of a particular corporation, trading or manufacturing scheme or concern or project and the report of the Auditor-General of Pakistan thereon;

(b) to examine the statement of accounts showing the income and expenditure of autonomous and semi-autonomous bodies, the audit

of which may be conducted by the Auditor-General of Pakistan either under the directions of the President or under an Act of Majlis-e-Shoora (Parliament); and

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

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

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

10. The principal aspects of PAC responsibility revolve around the examination of Appropriation Accounts, Finance Accounts and Reports of the Auditor-General. The significant thing to note, however, is that perception of what constitutes "Accounts" and what constitutes "Audit Reports" have changed considerably. "Accounts" have ceased to be mere book-keeping of financial transactions. Much greater significance is now assigned to accounting information and disciplines involving interpretation of financial record have grown in stature, complexity and utility. Similarly "Audit" is no longer viewed as a past-focused undertaking which probes propriety of financial transactions from a narrow regulatory perspective. Audit, while continuing its post-facto analysis, has acquired a positive interest in the future as well. It still studies the past with the intention of determining what went wrong but at the same time attempts to discover why it went wrong and in so doing seeks to suggest what better options exist for future.

11. Since the work of the Committee is cut out for it by "Accounts" and "Audit", developments in these two areas would continue to influence functions of the Committee. The 1985 PAC tried to come to grips with this changing focus. After a detailed discussion in its report on the Accounts of 1981—85, the Committee summarized the following parameters for its working:—

"(i) To determine:—

(a) whether the programmes and policies of the Federal Government have been efficiently and effectively implemented?

(b) whether the administrative machinery was working within the constitutional/legal and regulatory framework in performing its responsibilities?

(c) whether the existing systems, procedures, and arrangements were adequate and result-oriented and how they could be improved to make them cost effective and less cumbersome for the people?

(ii) To act as a co-ordinator between the Legislature and the Executive for developing a better understanding between them, to ensure efficient management of financial resources, instead of functioning as a prosecution agency.

(iii) To report to the National Assembly as to whether the administrative machinery of the government was performing its task satisfactorily and to highlight their deficiencies, if any, so that the Legislature is in a position to know the areas of management which need their immediate attention and guidance."

12. While endorsing the above determination of PAC functions and its role, this Committee is of the opinion that development of conditions conducive to the fulfilment of this role is of basic importance. Political arrangements become institutions only when they start playing practical roles in day to day political life of the people. In a democracy the electorate expects that the huge apparatus of the state would become accountable before its representatives. It is for the elected institutions to come up to this expectation.

FINANCE ACCOUNTS OF THE FEDERAL GOVERNMENT

13. One of the assigned functions of the Public Accounts Committee is to examine the Finance Accounts of the Federation. Unfortunately these accounts had never come under discussion of the PAC, although, they were compiled each year. The Committee resultantly remained concerned with individual Grants and an over-view of the economic and budgetary performance was missing from its deliberations. To overcome this shortcoming, Finance Accounts for the year 1987-88 were discussed by PAC for the first time on 2nd July, 1992.

14. In spite of the fact that Finance Accounts are a regular publication of Auditor-General's department, utilization of available information for informed macro-level discussion had never been explored. The main benefit of this first discussion was that basic parameters for future inquiries were sorted out. The Auditor-General was advised to come up with suitable analysis covering financial, fiscal and economic fields which could enable the members to arrive at conclusions regarding implementation of financial policies. Hopefully, reports of the Committee would, in time, brief the House on various economic and financial issues so that an effective feed-back on such matters could be developed.

APPROPRIATION ACCOUNTS OF THE FEDERAL GOVERNMENT

15. Annually compiled Appropriation Accounts of the Federation bring out in considerable detail the position of budgetary control of the government and are a reflection of the budgetary grants. Expenditure against each grant is discussed by the Committee with its respective Principal Accounting Officer in the context of public moneys placed at his disposal by the National Assembly and actual spending by organizations under his control. Financial control and budget management came under detailed review of a previous PAC whose report on the accounts for the years 1981-82 to 1984-85 (Volume pertaining to Finance Division) contains comprehensive comments on the subject. This Committee urges the Ministry of Finance to have a detailed look at the recommendations and formulate a well considered response.

16. Even in the course of its partial examination of the accounts of 1987-88, the Committee had an opportunity of reviewing working of 122 Grants and it was not difficult to determine as to why budget management repeatedly attracted adverse assessment from previous PACs including ad-hoc Committees. The Committee came across a situation where excesses (normally against revenue grants) and savings (normally against development grants) were a regular feature. There was a liberal resort to supplementary grants which in certain cases were obtained, although, in the end even the original allocation was not consumed fully. Excesses even after receipt of generous supplementary allocations were also a frequent occurrence.

17. The members repeatedly expressed concern over the state of financial discipline. It was felt that a de facto practice of three budgets: annual, supplementary and excess had made the budgetary exercise meaningless. Although, the Committee has through a circular, cautioned the Ministries and Divisions that strict notice would be taken of budgetary transgressions, the lead role to restore budgetary discipline should come from the National Assembly. Annual budget of the Federal Government is passed every year with a lot of fanfare and invokes the most comprehensive debate of the parliamentary calendar. Immediately after the passage of annual budget, the supplementary budget for the previous year is quietly processed by the House. Yet a third component, the Excess Budget Statement, has never been placed before any elected House.

18. It is a simple fact of life that left to itself, the government machinery would foster procedures which suit its interests. The Constitution has entrusted the National Assembly with the power to grant money required by the government for its operation. This power is one of the key attributes of sovereignty of Parliament. Power, however, brings with it a corresponding responsibility. National Assembly accordingly has the colossal responsibility of ensuring that public money voted by it is spent in pursuance of publicly announced policies and activities, is spent to the extent to which it is publicly committed at the time of budget session, is actually spent for the purposes for which it is granted and that, while spending it efficiently and effectively, stipulated financial cannons are kept in view.

19. Power to grant public money is a sacred trust and clearly tied to the responsibility of over-seeing the manner in which it is actually spent. To discharge this responsibility, adequate procedures, rather than minimum procedures which are just sufficient to fulfil legal requirements, should be adopted. Instead of treating the supplementary budget as an insignificant appendage to the annual budget, it is necessary to up-grade its importance and process the supplementary allocation requested by the government in an exclusive discussion prior to the regular budget session. The supplementary budget should be viewed as a performance report of the executive Ministries on their ability to assess their monetary requirements and to plan and manage their activities. The shifts in emphasis, detail and practice which bring considerable distortions in what is committed in the House at the time of budget approval and what actually transpires during the financial year are of utmost importance to the National Assembly and ultimately to the nation.

20. Just as processing of supplementary budget should distinctly precede the annual budget session, the budget session should be followed after 3/4 months, by discussion on the Excess Budget. The insignificance attached to the Excess Budget is apparent from the fact that excesses for the years 1984-85 onwards are still to be brought before the House and those prior to that year were approved under Presidential dispensations. It needs to be candidly reviewed that if excesses over moneys authorized by the House itself are to be treated by it so indifferently then what is the purpose of authorization of public money by an elected House. The de facto position is that all excesses are quietly and painlessly regularized, mostly through executive orders, many years after the excesses have taken place, usually at a stage when the matter has lost all urgency or relevance.

21. This Committee is of the considered opinion that the House should urgently debate the nature of its responsibility towards the control of public money and adopt procedures necessary to effectively discharge the responsibilities entrusted to it.

COMMENTS ON REPORTS OF THE AUDITOR-GENERAL

22. Any serious effort to make executive Ministries and Departments effectively answerable before legislature must start with an in depth review of their

working. This review, which can involve highly technical issues, is carried out by the Auditor-General. Proper functioning of this constitutional office holds the key to effective operation of parliamentary system of accountability of public expenditure.

23. The Constitution which mandates (Article 168) the post of Auditor-General of Pakistan, leaves it to the Parliament (Article 169) to determine the functions and powers of the post through an act. This act of Parliament unfortunately is yet to see the light of day and a Presidential Order continues to govern working of an institution which the world over is at the disposal of the Parliament as the most organized support available to it for enforcement of accountability of public money. The National Assembly has recently adopted its own Rules of Procedure and Conduct of Business after a lapse of almost two decades. Hopefully, time has come for it to determine functions and powers of the Auditor-General of Pakistan in line with levels of accountability amenable to democratic systems. The Committee is of the opinion that leading role in sponsoring this legislation should be taken by the National Assembly because audit is conducted by the Auditor-General for benefit of the National Assembly.

24. The department of the Auditor-General, while remaining under the overall control of Ministry of Finance, managed to take some significant strides in new areas of auditing and has also made improvements in its accounting efficiency. There is, however, a feeling that Audit has not been allowed to develop in proportion to growth in spending and proliferation of governmental agencies. After discussing in detail the working of his department, the Committee advised the Auditor-General to evaluate the impact of resource constraints on the effective discharge of responsibilities entrusted to him. Hopefully, after this impact has been studied, the Committee would be in a position to suggest measures for restoration of a healthy balance between spending and audit.

25. Examination of all reports of the Auditor-General of Pakistan pertaining to the money spent by federal ministries and departments is a responsibility which the PAC exercises on behalf of the National Assembly. These reports are in many volumes. They examine federal spending from different perspectives which include: review of

financial transactions from regulatory, propriety and procedural points of view, comprehensive review of performance of organizations, comments regarding future plans of public entities, comments arising out of accounting documents, special studies of various activities etc.

26. The panorama of financial activity brought before the Committee is very broad and contrasts sharply with the time which Committee members can make available for discharge of this crucial responsibility. It must also be kept in view, that the picture emerging from audit reports is only a representative picture since audit can cover only a limited percentage of federal spending. In view of these constraints, the major concern is to make the Committee meetings as effective as possible and at the same time to prioritise available time and efforts and focus them on the most effective means available for strengthening of financial discipline and accountability.

27. As has been discussed previously, the primary objective of the Committee meetings of July, 1992 was to dispose of unfinished work pertaining to 1987-88. But even in this exercise, many significant issues surfaced during Committee deliberations. Comprehensive discussion of individual issues is contained in the minutes of Committee meetings which are appended to the report. Here an attempt has been made to generalize some of the more significant issues for attention of the House:—

(i) Response to Audit

It was repeatedly observed that response of the Ministries and Departments to audit observations is not satisfactory. No effort is made to convene departmental accounts committee meetings or even effect reconciliation of accounts with Accountant General Pakistan Revenues. The result being that Principal Accounting Officers of Federal Ministries shut themselves off from a very effective feed-back which they can receive through audit and accounts. Another aspect is that routine matters which could easily have been sorted out between audit and spending departments do not receive timely attention. The Committee does act as the final arbiter between departments and audit but that does not mean that all cases reported in audit reports should be kept pending for PAC review. Unless the Principal Accounting Officer

himself has compelling justification, he should immediately take action on audit's recommendations. Even in case of disagreements, well-considered positions should be available by the time issues come before the PAC. Treating Committee meetings as the sole venue for top level inter-action between audit and spending departments is sheer wastage of Committee time.

The Committee would in future consider settlement of audit observations and reconciliation of accounts primary responsibilities of the Principal Accounting Officers.

(ii) Revenue Collection

One of the major national concerns is to find ways and means to increase revenue collection. Audit of revenue collection has been recently undertaken by the Auditor-General in pursuance of President's directive. The results of the initial efforts of his department, which came under discussion of the Committee, can be viewed as promising. In the area of income tax alone, Rs. 235 million worth of short-realization of revenue was pointed out through an audit which covered a small percentage of the total income tax effort at a nominal cost of Rs. 2.3 million. Audit also highlighted certain major deficiencies in areas of finalization of adjudication cases, evasion of taxes, operation of bonded-ware houses, failure to realize additional taxation and insufficiency of internal controls. The Committee urges the Ministry of Finance to pay special attention to this effort and provide adequate resources to strengthen this new area of audit activity.

(iii) Public Sector Corporations

Public Sector Corporations in Pakistan offer a considerable variety in terms of scope, size and nature of organizational arrangements. The Auditor-General reviews the working of these corporations either in terms of their accounting documents or through detailed assessment of working of selected units. By the time the Committee took up accounts of 1987-88, the declared governmental policy of privatization and disinvestment was being vigorously pursued. The Committee after discussion opined

that while the government is free to adopt its policies, the manner in which policies are implemented should come under review of audit and PAC. The Committee as such remains keenly interested in the process of privatization and is waiting for the reports of the Auditor-General in this critical area. In the meantime, a general assessment arising out of Committee deliberations, which covered many significant issues is summarized here for consideration by the House.

Public Sector Corporations were for many decades considered as an effective tool for furthering social benefits especially in developing economies. Strategic compulsions and prohibitive cost of investment in certain sectors have also remained significant considerations in determining levels of state intervention through the corporate sector. During its reveiw, the Committee observed that performance of different units even in the same industry were unequal. Success stories could be found in highly unlikely areas. Retailing for instance is one of the commonest forms of private business. The state managed Utility Stores Corporation, which had been performing badly even when compared to small time retailers, had recently, with change of management and policy, started giving impressive results. Likewise, Pakistan Steel Mills, which was beset with what appeared to be insurmountable management problems, now presents a much healtheir out-look.

Both Utility Stores Corporation and Pakistan Steel Mills, if they are successful, fulfil certain basic social roles; in one case: exertion of a moderating influence on the prices of daily items, especially during critical periods like Ramzan, crop failure etc.; in the other case: providing sustained impetus for industrialization. The problem is that corporations cannot automatically deliver these objective even if mishandled. As was seen in the case of Ghee Corporation of Pakistan, the laudable objective of keeping ghee prices low was not being achieved by maintaining the price of corporation products 3 or 4 rupees below market price. It was obvious that while the corporation and ultimately the public exchequer was suffering, it was the middle man who was siphoning off the price differential. In this case it was a failure of policy rather than of a failure of management.

Strategic considerations are also viewed as a highly relevant issue. The Committee was shocked at the impediments that were faced in the efforts to acquire the

technology to locally manufactured steel helmets of international specifications. Given the level of barriers on technology transfer, myths about free trade, and opening up of trade restrictions should not be taken at their face value. The Committee strongly feels that economic decision-making should not be totally indifferent to strategic considerations.

The members of the Committee also repeatedly observed that the emphasis of privatization appeared to be on disposal of profitable units. There was an ominous possibility that in the end the government would be stuck with units which have been a perpetual drain on national resources for many years while the profitable units which balanced the impact of loss-making units would be disposed of accentuating the overall financial strain.

The Committee was also of the opinion that, even after current targets before privatization had been achieved, there would still be public sector corporations in many key areas. The corporate sector has been associated with failure for too long, which was not, in any case, the complete story. Corporations have made sizable contributions towards national development and many have performed their assigned tasks admirably. The Committee therefore appointed two special committees to review as to why two successful corporations had done well so that lessons could be generalized for benefit of others.

(iv) Evaluation of Performance

The quality of management of various corporations and other government agencies has also been analysed through many performance oriented studies undertaken by the Auditor-General. These studies are of a nature that even the auditees applaud the analytical approach adopted by audit and practical suggestions for improvement. While urging the Auditor-General to further develop the potential of his department to undertake evaluative and efficiency oriented studies, the Committee recommends that such studies should be used to draw up certain minimum requirements for undertaking new projects. The Committee would like to draw attention to four specific cases where management requirements were not foreseen

and Ministries plunged into critical areas of national interest without realizing that in the real world every day problems test the limits of noble ideas.

Many analysts rank control of an explosive rate of population growth as the biggest challenge before a nation, which has, in spite of high population growth, maintained respectable levels of economic growth. Two studies by the Auditor-General published in his report of 1987-88 explore the reasons of this national failure. Top ranking among the reasons has to be given to inability to foresee management requirements of a huge programme which was conceived in Islamabad but whose fate was to be determined in the poorest areas of the country.

A strong case could be made out that after excess of population, shortage of energy is the most crippling factor in developing the country. While the nation had to pay a huge and highly publicized price for its resilient effort to develop one cheaper version of energy, two other attempts at developing two additional and non-controversial sources of energy, viz. solar energy and bio-gas energy, expired very peacefully in various files of the concerned ministry. Here again the projects were grossly mishandled.

Preserving our national heritage for future generations is a concern for which enough resources cannot be set aside due to financial constraints. The manner in which the concerned ministry wasted scarce resources on the restoration of the Shalimar Gardens has also received detailed attention from the Auditor-General and once again management inadequacies are highlighted.

It would be very difficult to assess the actual cost of these failures. The Committee can only hope that some effort would go into studying the causes of failure in the light of the detailed analyses already available in the reports of the Auditor-General and some effective guidelines would be developed to ensure that efforts which are crucial to national well being do not become casualties of mismanagement.

(v) Lack of concern for public interest

Inability to take adequate steps to protect public money and interest is not peculiar to ministries sitting in the artificial environs of Islamabad. A total lack of

concern was also viewed by the Committee in the management of contracts and handling of public resources by departments whose field offices are spread all over the country. The Committee had a chance to review the working of agencies like Pak. PWD, Military Engineering Service, Defence Procurement and WAPDA through whom billions of rupees are spent each year. In numerous reported cases where official discretion could have been used either for or against public interest in areas like drafting of agreements, interpretation of dubious contracts, payment of escalation to contractors, payment of ex-gratia and bonuses to employees, recoveries on account of risk and cost of defaulting contractors, protection of government property or recoveries of rents etc., the benefit inevitably went to the individual rather than the State. The cases as discussed in the minutes of the meetings held by this Committee and the previous Committees are too numerous to be highlighted. The trend itself is not only deplorable but is accentuating with each passing day. The Committee feels that the Parliament has a duty to initiate steps to reverse the trend.

The major impact of accountability and audit is always deterrence. Audit itself cannot generate the required level of deterrence. But even so the nature of response which Audit's efforts generate holds the key to the entire effort. It is for the National Assembly to pick up from where audit reports leave off and develop the protective net of deterrence. It is quite possible that notwithstanding the gravity of the situation, steps required to bring about a reversal of that trend are not as sophisticated as it is presumed. What is most frightening about the last few years is the abject surrender to the merciless advancement of notions that in the modern society, money alone defines the parameters of excellence. In a very limited context this may be true although even a very basic introduction to the magnificent sweep of human history would be sufficient to convey that in any living society excellence has meant more than money. It may sound extremely simplistic but the fact remains that we owe it to our future generations to challenge the supremacy of the purchasing power. One sound course of action is to increase the awareness that society cannot allow arbitrary spending of public money. The National Assembly can play a vital role in generating this awareness.

In the past endemic breaks in the working of elected PACs stunted the normal development of adequate support systems for the highly complex work done by the

Committee. From the Committee's point of view, it is necessary to convey to the executive departments that facing the PAC meetings is not the end of serious issues brought before National Assembly by audit. Only by systematically developing an adequate follow-up and monitoring system can the Committee convey a serious commitment towards improvement of standards of financial discipline and accountability.

Fear of adverse publicity is another effective deterrent which can be judiciously used. After considerable discussion the Committee decided that resort should be made to publicizing names wherever responsible people including ministers and senior officials were found clearly accountable for acts in which personal interests were deliberately preferred over public interest and authority was blatantly misused. Subsequent experience has demonstrated that in the age of information explosion there is more martyrdom than dying in the pursuit of a belief. Even simple and undisputable facts highlighted in audit reports were used as affective public relations devices and what began as a misuse of authority was sought to be converted into victimization. In such situations the Committee needs the full backing of the House.

The Committee, therefore, strongly urges the National Assembly to lend its wholehearted support to its work. Discussion in the House is open to press and receives wide coverage. Reports of the Public Accounts Committee have never been discussed in the House. A detailed discussion on the substantive issues raised in this report would provide the Members with a highly relevant context to express their learned views on matters of national significance. A well-participated discussion would also make available the collective wisdom of the House for betterment of the work done by the PAC. The Committee, therefore, strongly recommends that its reports be discussed in the House and its recommendations formally endorsed by the National Assembly of Pakistan.

EXCESS BUDGET STATEMENT

28. The Constitution caters for a situation whereby the amount authorized to be expended for a particular service in a financial year could be found insufficient or a

need could arise for expenditure on a new service which was not included in the Annual Budget Statement. In such cases the Federal Government has the power to authorize expenditure from the Federal Consolidated Fund but this expenditure has to be brought before the National Assembly either through a Supplementary Budget Statement or an Excess Budget Statement. The Constitution further specifies that these two statements are to be processed in the same manner as the Annual Budget Statement.

29. As has already been commented that while the minimum required provisions regarding the Supplementary Budget Statement are being met, the same cannot be said regarding the Excess Budget Statement. The Rules of Procedure and Conduct of Business in the National Assembly, 1992 (as also the previous rules) contain a specific clause [Rule 184(4)] which stipulates that in all cases where money was spent in excess of the amount granted by the Assembly, the Public Accounts Committee will "examine with reference to the facts of each case the circumstances leading to such an excess and make such recommendations as it may deem fit." It is obvious from this provision of the Rules, that, the National Assembly should consider the Excess Budget Statement after its Public Accounts Committee has formulated its recommendations on each of the excesses. The previous report of the Public Accounts Committee contained specific recommendations on Excess Budget Statements of four financial years: 1981-82, 1982-83, 1983-84 and 1984-85.

30. Subsequently a controversy arose, in which one point of view was that since there was no elected Assembly during the period 1981-82 to 1983-84 and the original budget for the years was approved under Presidential powers, the Excess Budget should also be authorized by the President. The other point of view was that since the Accounts/Audit Reports for the three years stood referred to the House, the Excess Budget Statements for the years could only be regularized by the House. The former point of view prevailed and the relevant schedules for three years: 1981-82, 1982-83 and 1983-84 were authenticated by the President in terms of advice tendered by the Justice Division.

31. That action left out the Excess Budget Statement for 1984-85 since the Supplementary Budget Statement for that year had been approved by the House

elected in 1985. In June 1992 Minister for Finance and Economic Affairs solicited the advice of Chairman PAC on the manner in which the excess expenditure for 1984-85 was to be finally regularized. After deliberations, the Committee advised that the Excess Budget Statement may be placed before the present National Assembly on the basis of recommendations of the earlier PAC as contained in their report on the accounts of 1984-85.

32. The recommended course of action is yet to materialize*. The present report also contains PAC recommendations pertaining to three different financial years: 1985-86, 1986-87 and 1987-88. The recommendations are recorded in the minutes of the meetings and have also been summarized in three statements annexed to the Report. Here the Committee would re-affirm its earlier suggestion that adequate procedures should be adopted to process the Excess Budget Statements. The spirit of the constitutional financial provisions is that the government should make a detailed estimation of its operations for the next financial year. These estimates form the basis of detailed discussion in the budget session by the National Assembly. Legislatures in many democratic countries even have special committees to deal with these estimates. There is a certain sanctity attached to this process of estimation since public money is authorised by public representatives for spending on the basis of these estimates.

33. The Constitution does cater for contingencies, supplementary requirements and excesses but the system can be viewed to be working satisfactorily only if contingencies and additional requirements are the exception rather than the norm. The Committee strongly opines that the existing recourse to supplementary and excess budgets is highly excessive and the House should consider taking appropriate steps to reverse the trend. The first requirement, however, is that the problem should be taken up for detailed discussion in the House. Such discussion can start from the unfinalized excess budget statements for the financial year 1984-85 and should review in detail the responsibility of the National Assembly with regard to control and accountability of public money in a functional democracy.

*Note.—The Excess Budget Statement for the year 1984-85 was approved by the National Assembly on 26-6-1993.

CONCLUDING RECOMMENDATIONS

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

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

(ii) Excess Budget Statements for the years 1984-85, 1985-86, 1986-87 and 1987-88 be regularized in terms of provisions of the Constitution.

KHAN AHMAD GORAYA,
Secretary General.

HAMZA,
Chairman.

MIAN ABDUL SATTAR LALIKA,
Member.

MIR BALAKH SHER MAZARI,
Member.

SARDAR ASSEFF AHMAD ALI,
Member.

MAKHDOOM MUHAMMAD AMIN FAHIM,
Member.

SYED SHAHID MEHDI NASIM,
Member.

CH. MUHAMMAD ALTAF HUSSAIN,
Member.

RANA TANVEER HUSSAIN,
Member.

MAKHDOOM SHAHAB-UD-DIN,
Member.

MR. LIAQAT BALUCH,
Member.

MR. SARTAJ AZIZ,
Minister for Finance
and Economic Affairs,
Ex-Officio Member.

MR. MUHAMMAD AJMAL KHAN KHATTAK,
Member.

ISLAMABAD:
The 10th December, 1992.

REPORT OF THE

PUBLIC ACCOUNTS COMMITTEE

ON THE ACCOUNTS OF THE

FEDERAL GOVERNMENT OF PAKISTAN

FOR THE YEARS

1985-86 AND 1986-87

(23—24)

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REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE ACCOUNTS OF THE FEDERAL GOVERNMENT FOR THE YEARS 1985-86 AND 1986-87

INTRODUCTION

This Committee was constituted on 5th March, 1989. Accounts for the year 1986-87 and Audit Reports thereon were referred by the National Assembly to it on 25th March, 1989. Before these accounts could be considered, the Committee had to dispose of a substantial portion of the accounts pertaining to 1985-86. Review of Accounts for that year was started by the previous PAC, which could only deal with accounts pertaining to:

(i) Ministry of Water and Power.

(ii) Cabinet Division.

(iii) Ministry of Health, Special Education and Social Welfare.

(iv) Ministry of Education.

before dissolution of the National Assembly on 29-5-1989.

2. This Committee took up the Accounts pertaining to the remaining Ministries/Divisions and, in two extended sessions held from 14th to 21st March and 16th to 31st May, 1989, deliberated on various aspects of the Accounts and Audit Reports. The accelerated tempo was maintained to ensure that accountability does not lag behind actual spending. Consequently, in its 2nd session, after completing the review of 1985-86, the Committee moved on to the Accounts for 1986-87. It is anticipated that the Committee's report on Accounts for 1986-87 will be submitted to the House well within the stipulated period even after dealing with arrears pertaining to 1985-86. Minutes pertaining to the meetings of the previous PAC, as approved by its Chairman, have generally been reviewed by this Committee and are incorporated in the report.

3. Review of the bulk of the Accounts for 1985-86 has provided the Committee with a valuable insight and a sound historical perspective. The Committee has progressively come to the conclusion that existing practices and spending habits of the Government departments betray an unrealistic sense of detachment from the harsh realities which beset our economy. Our taxation being highly regressive, federal receipts are mostly based either on indirect taxes or expensive borrowing. The high social and political cost at which resources are generated should have instilled an extra concern for the value of money. This, unfortunately, has not happened. Utilization of resources is far from satisfactory.

4. Against this background, the Committee has adopted a strategy which will gradually seek to deepen and broaden the parameters of its inquiry. This report highlights a few of the very basic problems. It is expected that these issues will initiate a process of introspective evaluation within the Ministries and Departments and they will act promptly to adjust themselves to the requirements of accountability by an elected Parliament.

COMMENTS ON THE OPERATION OF NATIONAL BUDGET

5. During its various meetings, the Committee noted with concern that under or over spending against budgetary allocations was the norm rather than the exception. It is a primary responsibility of the Principal Accounting Officers to get involved in the working of the budgetary system in an active manner, fully mindful of the constraints it places on the exercise of executive authority. The system cannot be expected to function if general attitudes range from complete indifference to a virtual scorn for the very basis of the system. It appears that a deliberate reorientation of attitudes is required to instill a sense of financial accountability and to put any meaning or purpose into the budgetary exercise.

6. Our budgetary system being a combination of devolutionary (the upper limits being decided by Finance or Planning and Development Divisions) and aggregative (individual requirements being submitted by each Division) approaches, the responsibility for a general lack of financial discipline should be shared both by the

administrative Divisions and the Ministries/Divisions exercising a high centralized control over resources. A few of the major issues which require immediate attention are as follows:—

(a) Many of the Principal Accounting Officers came to the meetings carrying the presumption that variations of upto 5% of the appropriations would not be required to be explained. It had to be made clear to them that this Committee has every intention of restoring financial discipline in the strictest sense. No blanket dispensations would be meted out and the Committee would expect the Principal Accounting Officers to come properly briefed about the details of all expenditure incurred by them.

(b) There is a general feeling among the Principal Accounting Officers that the expenditure limits imposed by Finance Division can be highly unrealistic. One outstanding example is that Grant No. 89 (Civil Armed Forces) of Ministry of Interior closed with a huge excess of Rs. 178 million for the year 1985-86. The Principal Accounting Officer explained that the excess essentially constituted of unavoidable payments in the nature of pay or pension emoluments. Similar position was found to exist in many other cases.

The Committee is of the considered opinion that such excesses, which pertain to expenditure which can be easily anticipated, have to be viewed with concern. From the point of view of legislative accountability, there appears to be no reason to bring such excesses before the PAC for post effective regularization through the Excess Budget Statement. Non-inclusion of such expenditure in the original demand tends to create an unrealistic ways and means position at the time when the Budget comes under review of the National Assembly since a substantial but inevitable and projectable expenditure on items like pay and pension fails to get reflected in the expenditure estimates. In a similar vein, the Committee must note that the existing system of absorbing pay/allowances/pension increases which are announced with the Budget is apparently inadequate.

Although the impact of such increases is known from day one, the Committee came across many cases where the additional grants were being processed right into the last month of the financial year, finally getting reflected in the accounts as excesses over authorization. The Committee will like to place on record its deep concern about what it views as a deliberate window-dressing of national accounts.

(c) Another dimension of unrealistic budgetary provisions is that, excesses have become a normal pattern against certain grants like Information Services Abroad, Other Expenditure of FATA, Foreign Affairs, Capital Outlay of PT&T Department, Capital Outlay on Communication Works. Although, various explanations, like lack of control by Principal Accounting Officer, over expenditure incurred through Foreign Missions (Ministry of Commerce), or procedural difficulties with intermediate bookings through a suspense head (Ministry of Communications) are given, the Committee has found them to be deficient and inadequate in a basic sense. Even if it is granted that certain procedural problems can explain certain micro-level issues, at the micro-level it remains a case of failure of the budgetary system. Either the budgetary allocations have remained unrealistic for a number of years and the resources are not commensurate with the scale of operations, or procedural bottlenecks have been allowed to flourish to shy away from a situation where scale of operations should have been adjusted to the level of available resources. The most disturbing aspect is that expending of money in excess of authorization appears to be apparently facilitated by a deliberate dilution of the controls. In the opinion of this Committee, willful or complacent neglect of controls defeats the very idea of a budgetary system.

(d) Yet another alarming aspect of the budgetary system is its virtual inadequacy to deal with expenditure incurred against foreign aid/grants, especially where expenditure is incurred by the aid giving agencies themselves. Article 78 of the Constitution stipulates as follows:—

"78. (1) All revenues received by the Federal Government, all loans raised by the Government, and all moneys received by it in repayment

of any loan, shall form part of a consolidated fund, to be known as the Federal Consolidated Fund.

(2) All other moneys—

(a) received by or on behalf of the Federal Government; or

(b) received by or deposited with the Supreme Court or any other court established under the authority of the Federation;

shall be credited to the Public Accounts of the Federation."

The Constitution also lays down a procedure, describing in specific detail, the various steps involved in expending money out of the Government Funds. The entire budgetary exercise is based on these provisions. During the course of its review the Committee came across many instances where large savings were reported against different development grants. Although the books showed major savings, almost invariably, the explanation given to the Committee was that, while the expenditure had been physically incurred, it had failed to get reflected in the Accounts because foreign donors, with their own peculiar procedures, controlled the actual disbursements.

It needs to be made clear, that, the P.A.C. is charged with the duty of satisfying itself regarding various aspects of the Appropriation Accounts as compiled by the Auditor-General of Pakistan. If in actual practice it finds that the Accounts are deficient in a major way and Ministries/Divisions have not provided timely input regarding major chunks of expenditure, then the Committee is at a loss to determine on what criteria should it base it review and with what level of certainty and exactitude should it report back to the National Assembly. Contrasted with a review of Audit Reports, where different interpretations of issues are permissible, Approrpriation Accounts are clearly a matter of

exactitude, it is conceivable to visualize disparate situations with occasional problems, in reconciliation or odd cases of shortcomings in compilation, but it is inconceivable to condone a situation where expending of practically billions of Rupees is not reported back to the Parliament within the parameters of the existing system. Either the system is badly deficient in meeting the Constitutional obligations, or no serious effort has been made at organizational and individual level to meet those obligations.

7. While this Committee has set up various P.A.C. Sub-Committees and Inter-ministerial Committees to pinpoint problem areas and review departmental explanations, it feels constrained to report back to the National Assembly with a deep sense of concern about the state of the budgetary system. Extended leaves of absence from Parliamentary oversight have devastated all sense of accountability. Persistent pressure from the P.A.C. will be required to restore financial discipline. While the spending departments, whose responsibility it is to make the system work, should be placed on notice, the Committee shall be looking upto the House for support in its effort to redress a very chaotic situation.

COMMENTS ON THE OPERATION OF PUBLIC SECTOR CORPORATIONS

8. While in the preceding section the main emphasis was to bring into bold relief only a few striking issues pertaining to the decay that has overtaken the basic structure of budget, we may now move on to what practically is the fag end of the system; the end where strict controls of the bureaucratic environment supposedly give way to flexibility prevalent in the business environment. The end product which carries strains from the two different work ethics is called the Public Sector Corporation. Over the past many years Corporations of all sorts have proliferated rapidly. The state is now involved in activities as diverse as heavy engineering and retailing eatables. If on the one hand, the government is struggling to run a shipping line, on the other, it owns a milk plant which could not run. While the reach of the Corporations offers a daunting prospect, their results are far from impressive.

9. The Committee strongly feels that random proliferation of Corporations of various genres dealing with every conceivable activity has created a veritable mess. The financial results of many Corporations indicate that the mess is also a huge bleeding haemorrhoid. The Committee deliberations further suggest that it would not be possible to conceive viable solutions if problems are perceived only in the context of individual Corporations and the vision will remain blurred unless overall policy parameters are determined. State intervention through public sector corporations is a powerful tool for achieving national objectives. But it is not an option which can be used indiscriminately. Badly conceived action can be highly counter-productive. To substantiate this assessment two examples can be considered:—

(i) Development of back-ward areas is a major national objective. Various policy options like tax holidays, easy access to bank loans and setting up government sponsored projects are used to generate an accelerated pace of modernization. Following one such option, nine industrial units were established in the Federally Administered Tribal Areas. During 1972—80, the government invested Rs. 92 million into the units. Unfortunately by 1986 all units stood closed after having piled up losses worth Rs. 73 million by June, 1988. The government tried to dispose of the units but could not get prices commensurate with the value of the assets. The point at issue is not simply to get rid of the assets at the best possible price. The basic national objective of developing the Federally Administered Tribal Areas is still very much there. Should the government now keep on running these units at a perpetual loss for political considerations and to generate some employment? Did these units fail because of bad planning or indifferent management? Does the experience indicate that government investment through public corporations is not a viable option for the Tribal Areas? These are serious questions requiring serious consideration.

(ii) A study of organizations like the Pakistan National Shipping Corporation or the Karachi Shipyard and Engineering Works offers a very different perspective of the state of our Public Sector Corporations. The justifications for these sizable investments can be much more complex,

ranging from security considerations to the prohibitive scale of capital requirements, but the financial picture is not less disturbing. The accumulated losses of PNSC amounted to Rs. 3.654 million as on June, 1988. The accumulated loss of KS&EW stood at Rs. 485 million. How much of these losses are attributable to factors like depressed international markets, or indifferent management is a tricky question to answer. However, the P.A.C. review did indicate that due to inability to think through the broader issues involved even problems for which simple solutions exist, fail to get resolved. For instance, if we are to maintain PNSC, for among other reasons, security considerations, then utilizing the national flag carrier to the maximum extent by all agencies of the government is an apparent option to spread the cost of PNSC, even though it may involve certain operational constraints keeping in view PNSC's limitations. The utilization unfortunately is at an appalling level of 15% of the national cargo. The lack of will to utilize an available national resource to an optimum level appears to be a common feature. Incidently while the PNSC is a victim of lack of patronisation by other government departments, the Corporation itself has been trying to ignore the potential available with the KS&EW on various pretexts.

10. The above two rather diverse examples were considered to underscore the fact that the range of the government corporate sector is very wide. That, however, should not be an excuse for the absence of an overall policy regarding public corporations. Policy level considerations can have meaning only if criteria like cut-off points, trade-offs, efficiency indicators, economic and managerial potential are determined in the context of the overall real life situation rather than each corporation being viewed only with reference to the artificial situations generated within the covers of individual feasibility reports.

11. In this regard the output generated in the form of Audit Reports and P.A.C. reviews needs to be considered from a fresh angle. Keeping pace with comparatively recent audit concepts, the Auditor-General has developed a limited but effective potential for performance evaluation and achievement review. The

Committee feels that while the auditor has outgrown the limitations of transactional and compliance audit, the auditee's reflexes are still under the influence of the traditional system of accountability. This Committee has every intention of establishing a strong foundation for performance accountability. In its future reviews it would expect that the Principal Accounting Officers and Chief Executives of Corporations would come to P.A.C. meetings fully refreshed about the entire working of their organizations. The Committee would also expect that comprehensive audits by the Auditor-General will receive comprehensive responses from the auditees. Since there is a sufficient time lag between issue of Audit Reports and P.A.C. review, the Committee would expect that the responses would go beyond the general promises of serious consideration of the audit's recommendations.

12. Similarly it needs to be understood that while the traditional P.A.C. review based on individual audit paras had its own specific follow-up requirements, the review which emphasizes performance gives its peculiar orientation to compliance and follow-up. P.A.C. review is not an end in itself. The primary focus of accountability is on improvement and ensuring that the tax payer gets his money's worth. Case after case have come before the Committee where investments have gone bad due to inadequacies in the planning, implementation or operational phases. We need a mechanism to ensure that lessons learnt from these cases are fed back into the overall planning process. Since the P.A.C. and Audit are the two main agencies dealing with the Public Sector investments on an over-all level, the Committee recommends that the concerned Ministries/Divisions should come up with a practical mechanism institutionalizing this crucial review component.

COMMENTS ON CERTAIN OTHER ISSUES

13. After highlighting two of the very basic issues which should find a high ranking in any priority list for future action, the Committee will now focus on a few other significant issues arising from its deliberations:—

(a) Operation of Ledger Accounts

Instances have come to the notice of the Committee where public receipts is kept in what are termed as "personal ledger accounts" (Ministry of Defence), or private bank accounts (Special Communications Organization, Ministry of

Communications). The basic provision of the Constitution dealing with public receipts was quoted in a preceding section. The Constitution makes it clear that all receipts/ revenues received by or on behalf of the government shall be credited either to the Federal Consolidated Fund or the Public Account. This clear provision ensures that disbursement of all public money follows a pre-prescribed procedure and spending is based on a centralized executive review (budgeting) as well as express parliamentary approval. Private ledger accounts of all sorts, which seek to provide a basis for retention of receipts (like the sale proceeds of public property) in accounts which do not come under the purview of the national system, and spending from those accounts (independent of Audit and Government accounting), should be viewed as extra-constitutional devices designed to get around the constitutional stipulations and a mandatory oversight by the legislature. The Committee strongly urges that all such accounts should be closed forthwith and any exception coming to notice should be dealt with severely.

(b) Unjustified purchases

The Committee has come across many cases where huge purchases were made without any manifest requirement. The result is that, at times, the procured items remain un-utilized for decades. Although explanations like inadequate inventory systems, bad planning and ad hoc decision-making may justify a few of the excessive procurements, corruption is very obviously the major culprit. The practice is so rampant that its overall magnitude assumes much greater significance compared with the concern for individual cases on which Audit paras normally focus. The issue needs to be tackled as a major challenge on an inter-departmental basis. The minutes appended to this report will pin-point many cases which will illustrate the various practices leading to the wastage of national resources for comparatively minor personal gains. The malaise can only be checked through a well-coordinated review resulting in major procedural changes.

(c) Government Contracting

Government contracting offers an environment of interface between the Public and Private Sectors. In this situation where the system is represented by a few

individuals, the manner in which the public interest is up-held by its custodians is the crucial factor. The Committee came across many cases where individual interest apparently took precedence over public interest. Committee's recommendations in specific cases will be found in the minutes. What is of primary significance here is that, such cases, taken together, indicate patterns of behaviour on which the burgeoning structure of corruption is built. For instance, it would be seen that in most instances decision making is handled in such a manner that administrative discretion, rather than normal rules and regulations comes to occupy the crucial position in a transaction and individuals become more important than the system of which they are a part. A major example to illustrate the point could be WAPDA's handling of Chashma Right Bank Canal contracting. It is very difficult to decide at this stage whether the change in canal alignment (which brought in basic changes in the original contract and fit in rather well with the uneven rates on which the contract was secured) was a situation engineered as such with an ulterior motive or not. Even when an allowance is made for genuinely unusual circumstances, the pattern emerging from the reported cases is that departmental decision-making almost invariably seeks to give precedence to the interest of the private party and disregard the public interest.

The issues which such cases raise go down to the basis of the entire system of government contracting. The financial implications are tremendous. A major part of our development budget gets committed through various engineering and supply contracts. Unless the contracting procedures are relaid after some hard thinking, the nation will continue to mortgage its future for deplorably poor ground results.

(d) Progress of Departmental Disciplinary Action

As a result of its review, the Committee gets the distinct impression that government departments, taken as a whole, are shockingly bereft of the will to impose retribution in disciplinary cases. In most of the instances reported to the PAC where responsibility for mismanagement or mis-use of authority had been fixed, the pin-pointed culprit was either dead, retired or absconding. In the few odd cases where the person was available and within departmental reach, the progress of disciplinary

proceedings was so slow as to lose all conceivable effect. In fact, the representative pattern is that where a connivance is indicated between officials and a private party, court cases, which drag on ad-infinitum, are instituted and departmental action is with-held pending finalization of such cases. The inefficiency with which the "Efficiency and Discipline Rules" are administered should be serious source of concern.

(e) Attempts to Escape Legislative Accountability

The Constitution, by catering for the post of Auditor-General and stipulating that his reports would be referred to the National Assembly, lays down the basis for the system of legislative accountability of public expenditure. With the gradual consolidation of the democratic processes, the emphasis on this accountability carried out through the Public Accounts Committee will increase. The basic system on which the Committees review is based needs to be strengthened. One way to facilitate this is that the reach of State Audit should not be unnecessarily made the subject of procedural controversies. For the year 1986-87, the Audit Report lists the following 12 organizations which refused State Audit on one pretext or another:—

(i) National Investment Trust Limited.

(ii) Pakistan Industrial Credit and Investment Corporation Limited.

(iii) Regional Development Finance Corporation Limited.

(iv) National Development Leasing Corporation Limited.

(v) Pakistan Banking Council.

(vi) Pak-Libya Holding Company (Pvt) Limited.

(vii) Pakistan-Kuwait Investment Company (Pvt) Limited.

(viii) Shalimar Recording Company Limited.

(ix) Sui Northern Gas Pipe Lines Limited.

(x) Southern Gas Company Limited.

(xi) Quetta Gas Pipe Line Project.

(xii) Sui Gas Transmission Company.

Audit also mentions that another 13 organizations did not compile their accounts, while 15 failed to submit accounts by the prescribed date. In addition to the above 40 organizations, an entire sector of the national economy, viz the Nationalized Commercial Banks, have successfully managed to ward-off State Audit. The excuses which are normally given when State Audit is declined are not very convincing. As has been noted in a preceding section, Public Sector Corporations of many different types have come into existence. This uncontrolled experimentation with organizational structures must be viewed with skepticism. The need to formulate an overall policy in this regard has already been emphasized. Committee is of the opinion that hybridization of organizational structures cannot be allowed to become the basis of an administrative autonomy which has the effect of circumventing established procedures of accountability. There is a need to took through the procedural smoke screens which have allowed various organizations to substitute the system of accountability envisioned in the Constitution with indigenous versions, which are intentionally limited in scope and do not offer effective feed back mechanism for the legislature. The Committee strongly urges that serious notice should be taken of any deliberate attempt to escape legislative accountability.

CONCLUDING RECOMMENDATIONS

14. While submitting this Report to the National Assembly, the Committee finally recommends that:—

(i) the suggestions and recommendations made by the Committee in the foregoing paragraphs and the Minutes be accepted; and

(ii) the excess expenditure for the years 1985-86, 1986-87 be regularized in accordance with the provisions of the Constitution.

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

KHAN AHMAD GORAYA
Secretary

HAKIM ALI ZARDARI
Chairman

DR. MEHBOOB-UR-REHMAN
Member

SYED MUHAMMAD ASLAM
Member

SYED PARVEZ ALI SHAH JILLANI
Member

KHAN ABDUL WALI KHAN
Member

SYED TASNEEM NAWAZ GARDEZI
Member

SARDAR ASHIQ MUHAMMAD KHAN MAZARI
Member

BYRAM D. AVARI
Member

RAJA MUHAMMAD AFZAL KHAN
Member

SARDAR MUHAMMAD MUQEEM KHAN KHOSO
Member

IHSAN-UL-HAQ PIRACHA
Minister of State for Finance
Ex-Officio Member

DETAILS OF EXCESS EXPENDITURE 1987-88

DETAILS OF EXCESS EXPENDITURE 1987-88

DETAILS OF EXCESS EXPENDITURE 1987-88

Name of Ministry	Grant No.	Grant Name	Original Grant	Supplementary Grant	Final Grant	Actual Expenditure	Excess	PAC Recommendations
1	2	3	4	5	6	7	8	9
Cabinet Division.	4	Land Reforms.	3,660,000	51,000	3,711,000	3,867,474	156,474	The Committee recommended the excess for regularization.
Establishment Division.	9	Other Expenditure of Establishment Division.	53,484,000	502,000	53,986,000	54,001,698	15,698	—do—
	141	Development Expenditure of Establishment Division.	6,191,000	—	6,191,000	6,191,300	300	—do—
Ministry of Commerce.	17	Export Promotion.	52,523,000	—	52,523,000	52,730,304	207,304	—do—
	18	Other Expenditure of M/o Commerce.	2,991,000	521,000	3,512,000	3,609,618	97,618	—do—
Ministry of Communications.	19	Ministry of Communications.	8,908,000	736,000	9,644,000	9,729,796	85,796	—do—
	177	Capital Outlay of PT&T Department.	1,535,000,000	—	1,535,000,000	2,733,458,316	1,198,458,316	A Committee was constituted to look into the causes of abnormal excess.
Culture, Sports and Youth Affairs Division.	145	Development Expenditure of Culture, Sports and Youth Affairs Division.	84,054,000	7,503,000	91,557,000	93,340,012	1,783,012	The Committee recommended the excess for regularization.
Defence Division.	33	Defence Services.	41,720,000,000	3,148,006,000	44,868,006,000	46,658,619,333	1,790,613,333	—do—
Ministry of Education.	37	Federal Govt., Educational Institutions in Cantonments and Garrisons.	146,298,000	29,485,000	175,783,000	177,261,899	1,478,899	—do—
Central Board of Revenues.	47	Sea Customs.	95,343,000	1,338,000	96,681,000	97,217,996	536,996	—do—
	48	Land Customs and Central Excise.	168,750,000	10,364,000	179,114,000	193,709,598	14,595,598	—do—
	49	Taxes on Income and Corporation Tax.	186,485,000	8,506,000	194,991,000	212,875,653	17,884,653	do—
Finance Division.	40	Superannuation Allowances and Pensions (Other Than Charged).	697,916,000	70,385,000	768,301,000	895,291,353	126,990,353	do

1	2	3	4	5	6	7	8	9
	41	National Savings (Other Than Charged).	66,466,000	—	66,466,000	76,913,233	10,447,233	The Committee recommended the excess for regularization.
	—	Servicing of Domestic Debt (C).	18,428,719,000	2,669,509,000	21,098,228,000	23,446,914,594	2,348,686,594	—do—
	—	Servicing of Foreign Debt (C).	7,571,076,000	674,261,000	8,245,337,000	8,254,350,564	9,013,564	—do—
	—	Repayment of Domestic Debt.	430,259,363,000	22,254,830,000	452,514,193,000	504,020,362,457	51,506,169,457	—do—
Ministry of Food & Agriculture.	56	Plant Protection Measures.	49,963,000	1,000	49,964,000	60,967,932	11,003,932	—do—
	57	Other Agricultural Services.	20,862,000	653,000	21,515,000	21,724,381	209,381	The Committee directed to refund incorrect payment and review performance of clearing agent.
Ministry of Foreign Affairs.	62	Ministry of Foreign Affairs (Other Than Charged).	57,011,000	900,000	57,911,000	59,172,361	1,261,361	The Committee recommended the excess for regularization.
	63	Foreign Affairs.	494,786,000	110,300,000	605,086,000	577,234,474	(–)(27,851,526)	Ministry informed that there was an excess of Rs. 28.598 million instead of saving. The Committee advised to give complete justification for supplementary grant and excess.
Health Division.	66	Medical Services.	435,566,000	14,818,000	450,384,000	451,423,575	1,039,575	The Ministry was advised to reconcile figures with audit and report to PAC.
Ministry of Housing and Works.	73	Works Division.	5,058,000	1,022,000	6,080,000	6,156,713	76,713	The Committee recommended the excess for regularization.
	74	Civil Works (Other Than Charged).	266,263,000	4,799,000	271,062,000	305,624,166	34,562,166	The Committee recommended the excess for regularization and directed to give detailed explanation of excess.
	75	Estate Offices.	133,642,000	14,948,000	148,590,000	148,949,291	359,291	The Committee recommended the excess for regularization.
Ministry of Information and	82	M/o Information and Broadcasting (Other	25,143,000	7,230,000	32,373,000	33,106,719	733,719	—do—

1	2	3	4	5	6	7	8	9
	83	Directorate of Publications Newsreels and Documentaries.	23,378,000	4,206,000	27,584,000	27,883,388	299,388	The Committee recommended the excess for regularization.
	85	Information Services Abroad.	42,578,000	4,100,000	46,678,000	48,701,661	2,023,661	A Committee comprising Sheikh Muhammad Sadiq, AGPR (Convener), Mr. Abdur Rauf Malik, D.G. External Publicity, M/o Information and Broadcasting and Mr. M. Zafar Mian, F.A. M/o. Finance was constituted to give its report within two months.
Ministry of Industries.	78	Ministry of Industries.	15,892,000	38,482,000	54,374,000	54,893,807	519,807	The Committee recommended the excess for regularization.
	80	Department of Investment Promotion and Supplies.	25,787,000	1,408,000	27,195,000	27,652,387	457,387	—do—
Ministry of Interior.	88	Ministry of Interior.	21,847,000	3,893,000	25,740,000	27,883,492	2,143,492	—do—
	89	Islamabad.	119,362,000	79,357,000	198,719,000	200,499,371	1,780,371	—do—
	92	Pakistan Coast Guards.	57,171,000	6,400,000	63,571,000	63,720,396	149,396	—do—
	93	Pakistan Rangers.	241,835,000	67,907,000	309,742,000	317,751,167	8,009,167	—do—
	94	Registration Organization.	82,013,000	13,264,000	95,277,000	101,169,138	5,892,138	A Committee comprising Mr. Tanwir Ali Agha, J.S. Finance Division (Convener), Khanzada Abdul Wadood Khan, J.S. Interior Division and Mr. Ahmad Rasul Bangash Addl. A.G., was constituted to give its report within one month.
	95	Civil Defence.	10,333,000	976,000	11,309,000	12,371,356	1,062,356	The Committee recommended the excess for regularization.
	96	Federal Investigation Agency.	52,452,000	9,448,000	61,900,000	63,007,765	1,107,765	—do—
Labour Division.	100	Labour Division.	11,183,000	672,000	11,855,000	11,895,969	40,969	—do—

1	2	3	4	5	6	7	8	9
	101	Other Expenditure of Labour Division.	970,618,000	150,000	970,768,000	1,180,663,770	209,895,770	The Committee recommended the excess for regularization.
Manpower and Overseas Pakistanis Division.	102	Manpower and Overseas Pakistanis Division.	47,740,000	2,233,000	49,973,000	54,086,981	4,113,981	The Committee asked the Principal Accounting Officer to re-examine reasons for excess and take action against persons responsible and intimate to PAC.
States & Frontier Regions Division.	119	Frontier Regions.	192,750,000	27,500,000	220,250,000	234,098,485	13,848,485	The Committee recommended the excess for regularization.
	120	Frontier Constabulary.	270,290,000	—	270,290,000	282,575,439	12,285,439	—do—
	122	Other Expenditure of FATA.	378,417,000	—	378,417,000	393,309,123	14,892,123	—do—
	170	Development Expenditure of FATA.	527,459,000	65,010,000	592,469,000	696,573,151	104,104,151	—do—
Kashmir Affairs and Northern Affairs Division.	128	Federal Govt., Educational Institutions in Northern Areas.	59,747,000	11,900,000	71,647,000	75,709,450	4,062,450	—do—
Ministry of Petroleum and Natural Resources.	107	Geological Survey.	41,346,000	—	41,346,000	42,819,996	1,473,996	—do—
Ministry of Production.	111	Ministry of Production.	210,327,000	14,335,000	224,662,000	227,072,491	2,410,491	—do—
	189	Capital Outlay on Industrial Development.	7,275,000	—	7,275,000	8,264,000	1,389,000	—do—
Ministry of Railways.	112	Pakistan Railways. (Other Than Charged)	5,925,225,000	367,875,000	6,293,100,000	6,385,117,857	92,017,857	A Committee comprising Dr. Mahboob-ur-Rehman, MNA and Syed Tasnim Nawaz Gardezi, MNA was constituted to give detailed justifications.
	190	Capital Outlay on Pakistan Railways (Other Than Charged).	1,590,856,000	299,452,000	1,890,308,000	1,981,615,660	91,307,660	—do—

MINUTES OF THE PAC FOR 1987-88

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NATIONAL ASSEMBLY SECRETARIAT

PROCEEDINGS OF THE MEETING OF THE PUBLIC ACCOUNTS COMMITTEE ON THE FEDERAL GOVERNMENT ACCOUNTS FOR THE YEAR 1987-88

Tuesday, the 10th July, 1990
First Sitting (PAC)

The Public Accounts Committee, after completing its review of the Appropriation Accounts, Audit Reports for 1986-87, took up for its examination the Federal Accounts for 1987-88. The following members attended the meeting, which as usual was held in Committee Room No. 2 of the Parliament House, Islamabad.

Public Accounts Committee:

1. Mr. Hakim Ali Zardari, MNA. — *Chairman*
2. Dr. Mehboob-ur-Rehman, Minister of State for Food and Agriculture. — *Member*
3. Sardar Ashiq Muhammad Khan Mazari, MNA. — *Member*
4. Mr. Abdul Khaliq Khan, MNA. — *Member*
5. Raja Muhammad Afzal Khan, MNA. — *Member*
6. Ch. Nisar Ali Khan, MNA. — *Member*

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Secretary.
2. Mr. Javaid Akhtar Sheikh, Joint Secretay (Admn).
3. Mr. Arif Mansur, Deputy Secretary (PAC)
4. Mr. Mulazim Hussain Kazmi, Officer on Special Duty (PAC).

Audit:

1. Syed Iftikhar Shabbir, Auditor-General of Pakistan.
2. Mr. M.A. Lodhi, Deputy Auditor-General (CA&E).
3. Sheikh Muhammad Sadiq, Accountant General Pakistan Revenues.
4. Mr. A.A. Zaidi, Director General (Training).
5. Syed Mujahid Hussain, Director General (GA).
6. Mr. Zulqarnain Qureshi, Director General, Audit (Federal Government).
7. Mr. Nisar Alam, Director General (CA).
8. Mr. Shakeel Ahmed, Director General (PEC).

Ministry of Finance:

1. Mr. Tanwir Ali Agha, Joint Secretary (Budget).
2. Mr. Khalid Durrani, Director General (Projects), Planning & Development Division.
3. Mr. Ahmed Shamsul Huda, FA (Cabinet).
4. Mr. Ghazanfarullah Khan, FA (Budget), Military Finance.
5. Mr. Raza Ashraf, DFA (Cabinet).

2. *Accounts Examined.*—Accounts pertaining to the following Secretariats/Division were examined by the Committee during the meeting:—

1. National Assembly Secretariat.
2. President's Secretariat (Public and Personal).
3. Finance Division.

3. At the start of the meeting the Chairman welcomed the new Auditor-General Mr. Iftikhar Shabbir. The Secretary pointed out that under existing rules, the Committee might not take up compliance of the directives of earlier PAC's and as far as actionable points of the earlier meetings of the current PAC were concerned, they would consume much time if examined with the accounts of 1987-88. He proposed that a separate meeting might be held for actionable points. The Chairman decided that in case actionable points of a Ministry were too lengthy, a separate meeting might be arranged, otherwise the actionable points might be reviewed with the accounts of 1987-88.

NATIONAL ASSEMBLY SECRETARIAT

4. The Committee first took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the National Assembly Secretariat. The following departmental representatives were present:—

1. Mr. Khan Ahmad Goraya, Secretary.
2. Mr. Javaid Akhtar Sheikh, Joint Secretary (Admn).
3. Mr. Moqimuddin, Deputy Secretary (Admn).
4. Mr. Abdul Majid, F&AO.

5. This Secretariat controlled Grant No. 104—"National Assembly".

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1987-88)

6. *Grant No. 104-National Assembly (Pages 310-311-AA).*—In the grant there was net saving of Rs. 213,017 after surrender of Rs. 175,000 in the Charged section. In the 'Other than Charged' portion Rs. 7,065,000 were surrendered, leaving net saving of Rs. 530,728. The Secretary, National Assembly explained that this nominal saving was due to dissolution of National Assembly on 29th May, 1988. The Committee made no observation.

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

PRESIDENT'S SECRETARIAT (PUBLIC AND PERSONAL)

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

1. Mr. Fazl-ur-Rehman Khan, Secretary.
2. Col. Muhammad Ajaib, M.S. to the President.
3. Mr. Khizar Ahmad Jan, Director General (Admn).
4. Mr. Muhammad Yasin, Section Officer (B&A).
5. Mr. M.A. Shah, Assistant Secretary (Personal).

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

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1987-88)

10. *Appropriation Staff Household and Allowances of the President (Page 68-AA).*—There was net saving of Rs. 1,059,504, after surrender of Rs. 298,472. The departmental representative explained that the amounts was not surrendered because some posts could not be filled and some purchases made by another agency on behalf of the Secretariat were adjusted in the next year's accounts. The Committee observed that the accounting procedure of the Secretariat was apparently not very effective. There was

not timely anticipation of savings. It was further observed that keeping in view the un-employment in the country, emphasis should have been on provision of jobs, otherwise, the amount should have been surrendered in time for utilization.

ACTIONABLE POINTS 1985-86

11. The PAC had directed in its meeting on 15-3-1989 that complete details of the excess expenditure (Rs. 3,883,196) under Appropriation 'Staff Household and Allowances of the President' (1985-86) be prepared and report submitted in the next meeting.

12. The Committee after examination accepted the departmental reply and settled the para.

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

FINANCE DIVISION

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

1. Mr. R.A. Akhund, Secretary.
2. Qazi M. Alimullah, Additional Secretary.
3. Mr. M. Amjad Virk, Joint Secretary (Admn).
4. Mr. Shaukat Hussain, Joint Secretary.
5. Col. M. Ikram, Joint Secretary.
6. Mr. Javed Ahmad Noel, Joint Secretary.
7. Major Ahmad Nawaz Malik, Deputy Secretary (F&A).
8. Mr. Muhammad Rafiq, Deputy Secretary (BR).
9. Mr. Athar Mahmood, Deputy Secretary (IF).
10. Mr. Mati-ur-Rehman, Managing Director (ICP).
11. Mr. I.A. Hanfi, Secretary (EPF).
12. Mirza Amin Baig, Senior Vice President (RDFC).
13. Mr. Muhammad Abdur Razzaq, Managing Director (SBFC).
14. Mr. Sarwar Ali, Senior Vice President (Bankers Equity Ltd.)
15. Mr. M. Afzal Hussain, Senior Executive Director (ADBP).
16. Mr. Muhammad Iqbal, General Manager (AMSL).
17. Mr. A.B. Soomro, Managing Director (PSPC).
18. Mr. Muhammad Yamin, Executive Director (SBP).
19. Mr. Mansoor Aqil, Director General, (National Savings).
20. Mr. M. Mubin Pasha, Senior Vice President (IDBP).
21. Mr. M.W. Memon, Chairman (NDFC).

15. This Division controlled the following grants and appropriations:—

S. No.	Name of Grant	Grant No.
1.	Finance Division.	38
2.	Pakistan Mint.	39
3.	Superannuation Allowances and Pensions.	40
4.	National Savings.	41
5.	Other Expenditure of Finance Division.	42

S. No.	Name of Grant	Grant No.
6.	Grants-in-Aid and Miscellaneous Adjustments between the Federal and Provincial Governments.	43
7.	Grants and Subsidies to Non-Financial Institutions.	44
8.	Subsidies and Miscellaneous Expenditure.	45
9.	Federal Miscellaneous Investments.	136
10.	Other Loans and Advances by the Federal Government.	137
11.	Development Expenditure of Finance Division.	149
12.	Development Expenditure on Special Programme.	150
13.	Miscellaneous Capital Investment.	181
14.	Capital Outlay on Special Development Programme of Provinces.	182
15.	Development Loans and Advances by the Federal Government.	183
16.	Audit.	—
17.	Servicing of Domestic Debt.	—
18.	Servicing of Foeign Debt.	—
19.	Foreign Loans Repayment.	—
20.	Repayment of Domestic Debt.	—
21.	Repayment of Short Term Foreign Credit.	—

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1987-88)

16. *Grant No. 38—Finance Division (Page 161-AA).*—The grant closed with a net saving of Rs. 602,089 after the Ministry had surrendered an amount of Rs. 494,000. No comments were offered by the Committee.

17. *Grant No. 39—Pakistan Mint (Page 162-AA).*—The saving of Rs. 1,555 did not attract any comment.

18. *Grant No. 40—Superannuation Allowances and Pensions (Page 163-AA).*—The charged portion of the grant closed with saving of Rs. 48,517,694 while the 'Other than Charged' portion registered an excess of Rs. 126,990,353. The Principal Accounting Officer informed that introduction of new scales had increased the pension liability which could not be assessed in time by the AGPR. AGPR explained the variation and indicated that in future efforts would be made to minimize variation under the Grant. The Committee accepted the explanation and advised that such under-estimation may be rectified for future. The Committee also recommended the excess under "other than charged" section for regularization through Excess Budget Statement.

19. *Grant No. 41-National Savings (Page 164-AA).*—The grant closed with an excess of Rs. 10,447,233. The explanation that the supplementary grant could not be finalized in time to be included in the Book of Supplementary Grants was not found satisfactory by the Committee which felt that such justifications should not be offered by the Ministry of Finance itself. While recommending the excess for regularization the Committee observed that a warning should be placed on record that the Committee will not accept such routine justifications in future.

20. *Grant No. 42—Other Expenditure of Finance Division (Page 165-AA).*—Explaining the unsurrendered saving of Rs. 38.6 million, the Principal Accounting Officer informed the Committee that the amount related to the provision "interest differentials on home transactions" which was managed by the State Bank of Pakistan. It was further explained that this expenditure could not be realistically anticipated for the last two months of the financial year due to various factors and the State Bank could not inform the Ministry of Finance about the anticipated saving. The Committee observed that the Ministry of Finance, being the controlling Ministry, should ensure that the State Bank provides the requisite information in time so that financial discipline is maintained.

21. *Grant No. 43—Grants-in-Aid and Miscellaneous Adjustments between the Federal and Provincial Governments (Page 167-AA).*—It was explained that the saving of Rs. 23.8 million registered against the 'Other than Charged' portion of grant was an insignificant percentage of the total grant of Rs. 12.4 billion. The Committee did not accept the explanation and desired that the Ministries and Divisions be informed that such generalized explanations were not in order and that each saving should be explained individually irrespective of the amount involved.

22. While discussing the above grant a reference was made to a previous PAC directive under which a "Standing Committee on Improvement in Budget Management" was created. PAC was informed that the Committee had been placed under the Chairmanship of Secretary Finance and the Management Services Division had been asked to provide secretariat facilities. The Committee had also appointed a task force headed by a Director General of the Management Services Division. It was further informed that it would take at least 5 years for the task force to study the complicated issues and formulate its recommendations and proposals. The PAC observed that the position regarding saving and excess was an immediate and a serious concern. It was decided that the scope of the inquiry before the task force should be restricted to an urgent review of the problem of excesses and savings against authorized grants and appropriations. A report on this aspect of the budgetary system should be generated within three months. Secretary Finance was advised to ensure that sufficient funds and resources are placed at the disposal of the task force.

23. *Grant No. 44-Grants and Subsidies to Non-Financial Institutions (Page 168-AA).*—There was no variation in this grant.

24. *Grant No. 45—Subsidies and Miscellaneous Expenditure (Page 169-AA).*—The grant closed with a saving of Rs. 2.19 billion against which Rs. 1.9 billion were surrendered leaving a net saving of Rs. 271 million. Ministry informed that an expenditure of Rs. 290 million incurred by the State Bank of Pakistan, Karachi had not been taken into account by Audit. It was decided that reconciliation between Audit and the Ministry should be carried out to ascertain the correct figures of expenditure.

25. *Grant No. 136—Federal Miscellaneous Investments (Page 170-AA).*—An amount of Rs. 41,471,360 was surrendered by the Ministry against an actual saving of Rs. 21,955,462. No comments were offered by the Committee.

26. *Grant No. 137—Other Loans and Advances by the Federal Government (Page 171-AA).*—The grant closed with a saving of Rs. 581,799,027. The various problems in managing the loans and advances to government servants were discussed and it was observed that management of the grant presented many problems.

27. *Grant No. 149—Development Expenditure of Finance Division (Page 172-AA).*—No comments were offered on the net saving of Rs. 635,275.

28. *Grant No. 150—Development Expenditure of Special Programme (Page 173-AA).*—The grant closed with a saving of Rs. 386 million. It was explained that the grant pertained to funds allocated to MNA's for development purposes and it was decided not to surrender any amount till 29th of June, 1988.

29. *Grant No. 181.—Miscellaneous Capital Investment (Page 174-AA).*—A saving of Rs. 50 million had not been surrendered. It was explained that the amount pertained to an expansion project of the Pakistan Security Press and it could not be anticipated whether the amount would be used during the financial year or not. It was also discussed that the PC-I of the project was revised three times and there was a delay of seven years in the implementation of the project which resulted in a considerable cost escalation. The Committee advised the Auditor-General to conduct an inquiry into the delayed and frequent revision of PC-I relating to installation of machinery in Pakistan Security Corporation of Pakistan and submit a report in the next meeting.

30. *Grant No. 182—Capital Outlay on Special Development Programmes of Provinces (Page 176-AA).*—There was a net saving of Rs. 729.38 million after surrender of Rs. 71.24 million. The Director General informed that a Committee of EAD had already been formed to look into delay in booking of foreign assistance in the accounts etc. The Chairman PAC desired to see report of the EAD's Committee.

31. *Grant No. 183—Development Loans and Advances by the Federal Government (Page 177-AA).*—Both in the 'Charged' and 'Other than Charged' portions of the grant amounts in excess of actual savings had been surrendered, no comments were offered by the Committee.

32. *Appropriation Audit (Page 178-AA).*—An amount of Rs. 8,042,000 was surrendered leaving a net savings of Rs. 16,408,260. The Auditor-General explained that certain posts had been sanctioned on 25th May by the Ministry of Finance preventing either operation of the posts or timely surrender of savings. The Committee remarked that better control of finances was expected where the concerned agencies were the Auditor-General and the Ministry of Finance.

33. *Appropriation "Servicing of Domestic Debt" (Page 179-AA).*—The grant closed with an excess of Rs. 2,348,686,594. While recommending the excess for regularization the Committee advised that Finance Division and AGPR to sit together and sort out the variation in the figures. Further efforts should be made to reduce the excess against the appropriation and timely reconciliation with AGPR should be ensured. It was also agreed that for the year under discussion the reported figures might be taken for the purpose of finalizing the Excess Budget Statement, variations being carried forward to the next year.

34. *Appropriation "Servicing of Foreign Debt" (Page 180-AA).*—The Appropriation closed with an excess of Rs. 9 million. In the previous PAC meeting, it had been advised that the problem of weekly holidays falling in the fag end of the Financial Year should be sorted out to ensure that no excesses against authorized grants appropriation were reflected in the accounts due to this foreseeable factor. The Ministry reported that the matter was referred to the State Bank of Pakistan who had informed the Ministry that it was not possible for them to advise payment due on 1st July on that day due to bank holiday. Previously in such cases the payments were being advanced to 30th June and accounted for in the preceding year as an excess. It had, however, been decided that in future the provision would be made for such payments in the payment/accounting year to remove excess over grant. The Committee observed that the excess appearing in the accounts for 1987-88 would be recommended for regularization, if the reply regarding surrender of Rs. 15.011 million despite excess of Rs. 9.013 million was found satisfactory after detailed review by Audit.

35. *Appropriation "Foreign Loan Repayment" (Page 181-AA).*—No comments were offered by the Committee.

36. *Appropriation "Repayment of Domestic Debt" (Page 182-AA).*—The Committee recommended excess of Rs. 51,506,169,457 for regularization through Excess Budget Statements.

37. *Appropriation "Repayment of Short Terms Credit" (Page 183-AA).*—No comments were offered by the Committee.

38. The Committee deferred the consideration of remaining Audit paras of Finance Division for 16-7-1990.

39. The Committee then adjourned to meet again at 10.00 A.M. on Wednesday, the 11th July, 1990.

KHAN AHMAD GORAYA,
Secretary General.

Islamabad, the 10th December, 1992.

NATIONAL ASSEMBLY SECRETARIAT

Wednesday, the 11th July, 1990.
Second Sitting (PAC)

40. The Public Accounts Committee assembled at 10.00 A.M. in Committee Room No. 2, of the Parliament House, Islamabad to continue the examination of the Federal accounts for 1987-88. The following members attended the meeting:—

Public Accounts Committee:

1. Mr. Hakim Ali Zardari, MNA. — *Chairman*
2. Dr. Mehboob-ur-Rehman, Minister of State for Food and Agriculture. — *Member*
3. Syed Tasneem Nawaz Gardezi, MNA — *Member*
4. Sardar Ashiq Muhammad Khan Mazari, MNA. — *Member*
5. Mr. Abdul Khaliq Khan, MNA. — *Member*
6. Raja Muhammad Afzal Khan, MNA. — *Member*
7. Ch. Nisar Ali Khan, MNA. — *Member*

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Secretary,
2. Mr. Javaid Akhtar Sheikh, Joint Secretary (Admn).
3. Mr. Arif Mansur, Deputy Secretary (PAC)
4. Mr. Mulazim Hussain Kazmi, Officer on Special Duty (PAC).

Audit:

1. Syed Iftikhar Shabbir, Auditor-General of Pakistan.
2. Mr. M.A. Lodhi, Deputy Auditor-General (CA&E).
3. Sheikh Muhammad Sadiq, Accountant General Pakistan Revenue.
4. Mr. A.A. Zaidi, Director General (Training).
5. Syed Mujahid Hussain, Director General (Govt. Audit).
6. Mr. Qamar-ud-Din, Director General (Railway Audit).
7. Mr. M. Saleem, Director (Railway Audit).

Ministry of Finance:

1. Mr. Tanwir Ali Agha, Joint Secretary (Budget).
2. Mr. Khalid Durrani, Director General (Projects). Planning and Development Division.
3. Mr. Ahmed Shamsul Huda, FA (Cabinet).
4. Syed Samsamul Haq, FA (Railways).

41. *Accounts Examined.*—Accounts pertaining to the following Ministry/Divisions were examined by the Committee during the meeting:—

1. Prime Minister's Secretariat (Public and Internal).
2. Prime Minister's Inspection Commission.
3. Ministry of Railways.

PRIME MINISTER'S SECRETARIAT (PUBLIC AND INTERNAL)

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

1. Mr. U.A.G. Isani, Secretary.
2. Mr. Muhammad Nawaz Malik, Additional Secretary.
3. Mr. Rehmatullah Khan, Joint Secretary (Admn).
4. Mr. Abdul Karim Ansari, Deputy Secretary (Admn).
5. Mr. Muhammad Yousaf, Section Officer (B&A).
6. Mr. Najaf Khan, Assistant Secretary (Internal).

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

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1987-88)

44. *Grant No. 10—Prime Minister's Secretariat (Page 84-AA).*—Rs. 323,954 were surrendered out of the total saving of Rs. 9,699,322, leaving a net saving of Rs. 9,375,368. The Principal Accounting Officer explained that the amount could not be surrendered because it formed part of the contingent grant of the Prime Minister who might desire to utilize it even on the last day of the financial year. Therefore, it was kept available till the end of the financial year. Moreover, the Assemblies were dissolved on 29th May, 1988 and the amount meant for purchase of vehicles could not be spent. The Committee accepted the explanation.

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

PRIME MINISTER'S INSPECTION COMMISSION

46. The Committee took up for its examination the Appropriation Accounts etc. pertaining to the Prime Minister's Inspection Commission. The Commission was represented by Mr. Muhammad Saeed Qureshi, Additional Secretary.

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

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1987-88)

48. *Grant No. 11—Prime Minister's Inspection Commission (Page 57-AA).*—There was a saving of Rs. 58,850 in the grant. The Committee made no observation.

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

MINISTRY OF RAILWAYS

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

1. Sheikh Muhammad Ashraf, Chairman/Secretary.
2. Mr. K.N. Cheema, Member Finance.
3. Mr. S. Zaheer Ahmad, Member Traffic.
4. Mr. S. Waheeduddin, M.M.E.

5. Mr. Rafiq Ahmad, M.C.E.
6. Mr. S.Z.H. Bokhari, Director Finance.
7. Mr. Zafrullah Qureshi, General Manager.
8. Mian Muhammad Ashiq, CEN.
9. Mr. Ahmad Kamal, C.L.M.O.
10. Mr. Khalid Rashid, FA&CAO.
11. Mr. S. Jamil Ahmad Zaidi, FA&CAO/IA.
12. Mr. Ali Akbar Qureshi, FA&CAO/Projects.
13. Mr. Hadi Iqbal, Chief Marketing Manager.
14. Mr. Ashiq Ali Butt, Deputy Director Budget.

51. This Ministry controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Capital Outlay on Investment in Railways.	138
2.	Capital Outlay on Pakistan Railways.	190

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1987-88)

52. *Grant No. 138—Capital Outlay on Investment in Railways (Page 386-AA).*—The grant closed with an un-surrendered saving of Rs. 1,431,403. The department was advised to surrender savings in time.

(i) *Grant No. 112—Pakistan Railways (Pages 10-11-AA-PR)—*
(ii) *Grant No. 190-Capital Outlay on Pakistan Railways (Page 387-AA)—*

53. 'Other Than Charged' portion of Grant No. 112 and Grant No. 190 both closed with an excess of Rs. 92 & 91 million respectively. The Committee was not satisfied with the explanation for the excess. It appointed a Sub-Committee comprising Dr. Mahboob-ur-Rehman, MNA and Syed Tasneem Nawaz Gardezi, MNA to examine the justification for the excess in detail.

54. *Grant No. 139—Other Capital Expenditure of Pakistan Railways (Page 12-AA-PR).*—No comments were offered by the Committee.

AUDIT REPORT (PAKISTAN RAILWAYS) (VOL. VI—1987-88)

55. *Performance Audit Report on Mechanized Marshalling Yard Pipri Project (Paras 1.1 to 9.5, pages 17-23-AR-PR).*—Audit presented a Performance Audit report on the project. It was observed that in view of anticipated increase in goods traffic Railways went in for a Mechanized Marshalling Yard at Pipri, near Karachi. There were considerable time and cost over runs after which the project became operative in 1980. It was observed that the Yard's facility was highly under-utilized and was operating at only 14% capacity in spite of which the Yard was over-employed. The departmental representative agreed with most of Audit's observations. He gave various reasons for under-utilization of the Yard's facilities.

56. The Committee appreciated the comprehensive Audit Report and observed that such reports should be made more frequent. It was observed that the problems highlighted in the report were typical of the Railways which was generally not perceived as an efficient department. A Committee comprising Sardar Ashiq Muhammad Khan Mazari, MNA, Chairman, Ch. Nisar Ali Khan, MNA, Mr. Abdul Khaliq Khan, MNA with representatives of the department and Audit, was appointed to review the working of Railways and submit a report within two months.

57. *Performance Audit Reports on Extension of Loops to Accommodate 72 Wagons Load and Provision of Standard-III Signalling on Six Stations on Jacobabad—Kashmore Section (Paras 1.1 to 8.9, Pages 33-38-ARPR).*—The Committee was informed that after the massive floods in 1973, the importance of alternative routes between Karachi and up-country was realized and an existing project was upgraded in 1975 to increase loops to accommodate 72 wagons and provide standard signalling system on six stations of Jacobabad—Kashmore Section. The work started before approval of PC-I. The divisional authorities made their own additions to the project increasing the cost to Rs. 7.3 million against the approval of Rs. 5.2 million. The project could not be completed till 1988—a delay of 10 years. The requirement of Standard-III Signalling System was subsequently dropped/pended although necessary staff quarters had been built. Audit had urged that responsibility for poor planning and delay in execution, execution of works without approval and under-utilization may be fixed.

58. The departmental contention was that the project itself was a requirement but shortage of funds and sprinkling of inadequate resources over a large number of projects were the basic reasons for the problems highlighted by Audit. The Committee observed that a Sub-Committee with a very broad mandate had already been set up to review the working of the Department. This report could also be considered by it.

59. *Special Study on Maintenance Service and Residential Buildings by Railways (Paras 1.1 to 5.1, pages 45-49-AR-PR).*—Audit informed that it had carried out a special study to evaluate the effectiveness of the maintenance system of service and residential buildings by the depatment. Audit concluded that rules were not being followed properly and funds were not being used effectively. There were considerable deviations from the requirements of the tendering system and new devices were being used to enhance discretionary powers. Resultantly there was a general deterioration of structure due to inadeuqate maintenance. For instance, 2917 houses for low paid staff were in a dangerous condition and they had to be paid house rent, resulting in huge payments on this account.

60. The departmental representative acknolwedged that the special study had highlighted many issues in a commendable manner. He sought to explain that increase in prices and cost had brought in many distortions and the system had been slow to adapt to the changes.

61. The Committee observed that the condition of railway quarters was miserable. There were complaints of misappropriation and malfunctioning by the engineering staff of the railways. There was need to bring about improvements in the whole system. The Committee constituted to examine the affairs of Marshalling Yard Pipri was advised to take up this report also and suggest measures to bring about some improvement in the working of Pakistan Railways.

62. *Special Study on Improvement of Braking system (Paras 1.1 to 2.3 pages 53—55 AR-PR).*—Audit presented a special study on improvement of Braking system which pointed out that costly air brake equipment was fitted to 205 engines against the requirement of only 28 engines. Thus material costing Rs. 13.418 million was fitted without any requirement. The entire expenditure was required to be debited to capital expenditure, but the Railways authorities apportioned it to both capital and revenue expenditure. The material valuing Rs. 17.635 million procured during 1977-78 to 1980-81 for improving the existing vacuum braking system could not give the desired results when put to trial and had either been wasted or was lying in stock. Most of the expenditure was incurred without preparation of PC-I and estimates.

63. The department acknowledged that the expenditure was not charged properly but explained that the portion which pertained to research and development was charged to revenue expenditure. All the expenditure was incurred in view of sound technical and operational considerations. However, lapses had occurred in accounting. Appropriate revenue estimates should have been prepared which was not done. The Committee was not satisfied by the generalized explanation and desired that explanation of the responsible officer should be called for and submitted to the PAC.

64. *Special Study on Utilization of Commercial Cranes (Paras 1 to 3, pages 67—69 —AR-PR).*—Audit reported that Railways had 30 commercial cranes available. Expenditure on these trains during 1985-86 and 1986-87 was Rs. 2.791 million and earnings during this period were Rs. 0.022 million only, due to less booking of heavy consignments and use of private cranes at important stations. The bulk of expenditure was incurred on TA/DA of staff.

65. The department stated that the cranes were procured during 1861 to 1928 and had become outdated. Resultantly, most of them remained out of order and the staff went without work. However, as almost all the staff members were permanent employees, they could not be retrenched. An inquiry was initiated to examine the irregularities on account of TA and DA of staff after Audit had pointed it out.

66. The Committed advised that a departmental inquiry Committee (including a representative of the Auditor-General) should be set up to investigate as to how the utilization of the commercial cranes could be improved and the old cranes disposed of.

67. The Committee deferred examination of the remaining audit paras/points pertaining to Pakistan Railways to the next day.

68. The Committee then adjourned to meet again at 10.00 A.M. on Thursday, the 12th July, 1990.

Islamabad, the 10th December, 1992

KHAN AHMAD GORAYA,
Secretary General.

NATIONAL ASSEMBLY SECRETARIAT

Thursday, the 12th July, 1990.
Third Sitting (PAC)

69. The Public Accounts Committee assembled at 10.00 A.M. in Committee Room No. 2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1987-88. The following members attended the meeting:—

Public Accounts Committee:

1.	Mr. Hakim Ali Zardari, MNA.	*Chairman*
2.	Dr. Mehboob-ur-Rehman, Minister of State for Food and Agriculture.	*Member*
3.	Syed Tasneem Nawaz Gardezi, MNA.	*Member*
4.	Sardar Muhammad Musqeem Khan Khoso, MNA.	*Member*
5.	Syed Muhammad Aslam, MNA	*Member*
6.	Sardar Ashiq Muhammad Khan Mazari, MNA.	*Member*
7.	Mr. Abdul Khaliq Khan, MNA.	*Member*
8.	Raja Muhammad Afzal Khan, MNA.	*Member*
9.	Ch. Nisar Ali Khan, MNA.	*Member*

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Secretary,
2. Mr. Javaid Akhtar Sheikh, Joint Secretay (Admn).
3. Mr. Arif Mansur, Deputy Secretary (PAC)
4. Mr. Mulazim Hussain Kazmi, Officer on Special Duty (PAC).

Audit:

1. Syed Iftikhar Shabbir, Auditor-General of Pakistan.
2. Mr. M.A. Lodhi, Deputy Auditor-General (CA&E).
3. Sheikh Muhammad Sadiq, Accountant General Pakistan Revenue.
4. Syed Mujahid Hussain, Director General (Govt. Audit).
5. Mr. Zulqarnain Qureshi, Director General, Audit (Federal Government).
6. Mr. Qamar-ud-Din, Director General (Railway Audit).

Ministry of Finance:

1. Mr. Tanwir Ali Agha, Joint Secretary (Budget).
2. Mr. Khalid Durrani, Director General (Projects).
   Planning and Development Division.
3. Syed Samsamul Haq, F.A. (Railways).
4. Mr. Zulifqar Khan, F.A. (Food and Agriculture).
5. Mr. I.A. Saeed, D.F.A., (Food and Agriculture).

70. *Accounts Examined.*—Accounts pertaining to the following Ministry/Divisions were examined by the Committee during the meeting:—

1. Senate Secretariat.
2. Ministry of Railways (Deferred Accounts).
3. Agriculture Research Division.

SENATE SECRETARIAT

71. The Committee took up for its examination, the Appropriation Accounts etc. pertaining to the Senate Secretariat. The following depatmental representatives were present:—

1. Mr. Aziz Ahmad Qureshi, Secretary.
2. Raja Muhammad Amin, Deputy Secretary.
3. Mr. Nazir Ahmed Chaudhry, F&AO.

71-A. This Secretariat controlled Grant No. "105—The Senate".

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1987-88)

72. *Grant No. 105.—The Senate (Pages 312-313-AA).*—There was a saving of Rs. 3,861,753 in the charged portion. Rs. 3,702,000 were surrendered, leaving a net saving of Rs. 159, 753. In the other than charged portion, a sum of Rs. 1,450,000 was surrendeed out of the total saving of Rs. 1,888,047. Thus there was a net saving of Rs. 438,047. The Committee did not offer any comment.

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

MINISTRY OF RAILWAYS
(Deferred Accounts)

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

1. Sheikh Muhammad Ashraf, Chairman/Secretary.
2. Mr. K.N. Cheema, Member Finance.
3. S. Zahur Ahmed, Member Traffic.
4. S. Waheeduddin, M.M.E.
5. Mr. Akhtar Ali Shah, CEN/S&C.
6. S.Z.H. Bohkari, Director Finance.
7. Mr. Zafrullah Qureshi, General Manager.
8. Mian Muhammad Ashiq, C.E.N.
9. Mr. Ahmad Kamal, C.L.M.O.
10. Mr. Khalid Rashid, FA&CAO.
11. S. Jamil Ahmad Zaidi, FA&CAO (IA).
12. Mr. Ali Akbar Qureshi, FA&CAO (Projects).
13. Mr. Hadi Iqbal, Cheif Marketing Manager.
14. Mr. Ashiq Ali Butt, Deputy Director (Budget).
15. Mr. M. Saeed Parvez, C.C.M.

AUDIT REPORT (PAKISTAN RAILWAYS) (VOL. VI—1987-88)

75. *Un-necessary purchase of a crane costing Rs. 3.813 million (para 5.1, Page 73-AR-PR).*—Audit reported that a crane purchased for Rs. 3.813 million in July 1986, did not conform to specifications and could not be utilized for the purpose it was procured. The department explained that the crane was purchased for Dry Port and could not initially be utilized as it did not conform to the original specifications, but later it was transferred to the Mughalpura Stores where it was being used to handle scrap. The Committee observed that caution should be exercised in procurring equipment not actually needed and advised Audit to confirm proper utilization of the crane.

76. *Loss of Rs. 12.601 million due to supply of sub-standard sleepers (Para 5.2, pages 73-74-AR-PR).*—Audit pointed out that 27,367 sleepers were purchased from abroad and payment was made on the authority of inspection certificates issued by the authorized inspectors appointed by the Railways. On reinspection in Pakistan, 19,140 sleepers were found defective. The railways claim was, however, rejected by the arbitrator and he directed Railways to pay the withheld amount of Rs. 1.55 million with interest of Rs. 300,000 due to *ex*-parte re-examination and insufficient specification. Railways administration had filed an appeal in Sindh High Court.

77. The department stated that the sleepers were imported after an agreement which had the clause of inspection by international inspectors. However, when these were inspected on receipt in Pakistan, it was found that they had got more moisture content. The inspector and suppliers were requested to come and inspect these, but when they did not turn up, their bank guarantee was forfeited. After the arbitrators decided the case in the inspector's favour, the High Court was approached and the case was still sub-judice. Meanwhile the inspectors were debarred for future assignments and for such contracts it had since been provided that besides international inspection, local inspection would also be necessary. It was also stated that if the sleepers were utilized initially, 90 per cent could have been used but due to litigation all these were lying unutilized.

78. The Committee advised that the inspector who certified the quality of sleepers should be blacklisted and case against him pursued vigorously. The Committee further observed that the stock of sleepers which was decaying due to lack of treatment and binding should be inspected and the sleepers which can be used should be duly treated and utilized while those not fit may be disposed of.

79. *Infructuous expenditure of Rs. 1.672 million on the purchase of two ballast cleaning machines (Para 5.3, page 74-AR-PR).*—Audit reported that two ballast machines, purchased at the cost of Rs. 1.672 million in October 1985, could not be utilized as their performance was not satisfactory as per trial report.

80. The department submitted that the ballast requires continuous cleaning. In order to do away with manual cleaning, machines were required. The machines with the best specification cost Rs. 10 million each and Railways could not afford to spend so much money. Therefore, machines with lower specifications were procured at the cost of Rs. 700,000 each on experimental basis. A trial committee had reported that these preformed the barest minimum work and not the complete work.

81. The Committee observed that the purchase was made un-necessarily and public money was blocked. The Principal Accounting Officer was advised to issue show cause notices to the officers involved in the purchase of these machines. The three-member Committee formed to examine Grant No. 190 was advised to take up this para as well and to find out how the technical/research wing of Pakistan Railways recommended such un-necessary purchases.

82. *Wasteful expenditure of Rs. 20.438 million on injudicious procurement of track machines (Para 5.4, page 75- AR-PR).*—Audit pointed out that three track ballast packing machines, purchased for Rs. 20.438 million in July 1987, did not work satisfactorily and the amount was wasted.

83. The department explained that the machines were purchased basically to replace outdated points and crossing tamping machines and were used additionally for tracking purpose. Their basic function was being performed satisfactorily and Audit might re examine the position.

84. The Committee observed that the department did not reply to the audit observation in time which could have led to the early settlement of the para. Audit was advised to carry out re-examination and submit report to Committee.

85. *Loss of Rs. 1.175 million due to purchase of defective material (Para 5.5, page 75-AR-PR).*—Audit reported that spare parts worth Rs. 1.175 million, purchased in November 1984, were found defective and loss was sustained.

86. The department informed the Committee that the material found defective would be replaced and repair of certain items would be carried out free of cost by the suppliers. Committee settled the para subject to verification by Audit.

87. *Irregularities in the procurement of material (Para 5.8, pages-76-77-AR-PR).*—Audit pointed out that a Track Supply Office committed serious irregularities in procurement of material which included:

(i) purchase of material worth Rs. 4,383,927 in piecemeal to keep the purchases within the power of purchase of Rs. 5.000,

(ii) unnecessary expenditure of Rs. 0.385 million on purchase of wooden plugs instead of getting these manufactured within the Railways resources,

(iii) arbitrary increase in the fabrication charges of certain items resulting in additional expenditure of Rs. 488,970.

88. The department explained that the Track Supply Officer was authorized in 1930 to purchase material upto Rs. 5,000 in emergency. Since the occurrence of emergency situations increased due to deteriorating conditions of rail tracks, purchases were being made frequently but the Track Supply Officer were bound to keep the supplies within their permissible limit of Rs. 5,000. However, a Committee had been formed to revise the purchasing powers of Track Supply Officers.

89. The Committee advised that it should be ensured that the responsible officer is penalized. The Ministry was asked to suitably enhance the power of purchase of the Track Supply Officers if deemed necessary.

90. *Delay of eleven years in completing staff quarters planned to be constructed in four months (Para 5.12, page 80-AR-PR).*—Audit reported that a construction work, scheduled to be completed in four months at a cost of Rs. 450,000 was completed in 11 years at a cost of Rs. 1,350,000, resulting in cost increase and blocking of capital amounting to Rs. 1.343 million.

91. The department acknowledged that the work was delayed because too many works were started at the same time, resulting in confusion. The Committee warned the department to exercise due care in future.

92. *Loss of Rs. 20.566 million due to non-revision of rental charges of plots of land at Badami Bagh (Para 5.15, pages 81-82-AR-PR).*—Audit pointed out that 103 railway plots were leased out to firewood and steel merchants *at* Rs. 5,000 and Rs. 2,500 per 1,000 square yards in Lahore with the condition that they would provide a fixed quota of business to Railways. The merchants neither provided the business nor paid the rent at the revised rates of Rs. 2,000 and Rs. 10,000 and a loss of Rs. 20.566 million representing difference in rent for the period from July 1982 to June 1988 had been sustained by Railways.

93. The department stated that the people allotted the plots had constructed permanent structures and the area had developed into a commercial centre. Railways had now gone into restructuring and improvement was expected.

94. The Committee observed that the Railway property was being misused throughout the country. The department was advised to set up a Committee including a representative of the Auditor-General to review the status of Railways land throughout the country and submit a report within six months.

95. *Financial loss of Rs. 36 million due to injudicious sale of railway land (Para 5.16, pages 82-83-AR-PR).*—Audit reported that 10,207 sq. yards of railways land at Karachi were leased out in 1974 at an annual rent of Rs. 0.281 million for establishing a hotel. The construction of hotel was still incomplete when the lease was cancelled under Martial Law Order in 1985. After arbitration, the incomplete structure was sold for Rs. 300 million while land was disposed of for Rs. 15 million against the market value of Rs. 51 million, rendering a loss of Rs. 36 million to Railways.

96. The Committee advised the department to examine the case thoroughly and to ensure that full value of the expensive piece of land was obtained.

97. *Award of contracts of city booking agencies without competitive biddings (Para 5.20, page 85-AR-PR).*—Audit pointed out that 10 city booking agencies were allotted in 1985-86 on the orders of the Minister for Railways without adopting the procedure of open tenders, depriving Railway of the benefit of competitive rates.

98. The department informed that out of the 10 agencies, 8 had been cancelled and litigation was in process with the remaining two. For future a railway-owned limited company had been formed to set up agencies in various cities. The Committee advised the department to settle the two outstandidng cases through negotiations instead of lengthy court proceedings.

99. *Fraudulent drawal of pay amounting to Rs. 0.075 million (Para 5.29, page89-AR-PR).*—Audit reported that a case of fraudulent drawal of pay amounting to Rs. 0.075 million was confirmed by the inquiry committee in 1985, but disciplinary action had not been finalized upto 1990.

100. The department explained that proceedings were in process against the five persons involved and one of them had already been removed from service. The Committee advised that the four officials still in service should be immediately suspended pending finalization of disciplinary proceedings and court action should be initiated against the fifth official who had been removed from service.

101. *Misappropriation of P-Way material valuing Rs. 140,166 by an engineering subordinate (Para 5.30, pages 89-90-AR-PR).*—Audit pointed out that disciplinary action against the Permanent Way Inspector held responsible in 1980 for shortage/misappropriation of permanent way material worth Rs. 140.166 in May 1984 had not been finalized despite lapse of six years since detection.

102. The department assured that the disciplinary action and recovery would be finalized shortly. The Committee advised that disciplinary proceedings should be finalized within four months and report submitted to the Committee.

103. *Irregular Payment of telephone charges amounting to Rs. 40,449 (Para 5.31, page 90-AR-PR).*—Audit reported that an extra public call office was installed in the name of the son of the then Minister of State for Railways in March 1986, but the telephone bills for March 1986 to December 1986 and June 1987, amounting to Rs. 40,449, were paid by the Railways.

104. The department stated that the Minister of State was entitled to free official telephone at his residence during his stay there but since his village was located at remote area and installing of phone connection was not possible, he utilized the public call office and the amount was reimbursed by the Railways after verification by the Minister of State. The Committee advised to write off the amount.

ACTIONABLE POINTS 1985-86 AND 1986-87

105. Audit reported that Railways had submitted compliance reports but these were incomplete. In some cases the Committee had desired explanations for excess in grants and regularization of the excess had not yet been recommended for want of explanation. It was proposed that Railways might be given some more time to submit justification of all the points and Auditor-General might be allowed to examine the explanation for excess at his end for the purpose of regularization.

106. The Committee agreed to the proposal and advised that the Auditor-General himself might examine the explanation for excess. The Ministry was advised to finalize action on actionable points by the next meeting.

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

AGRICULTURE RESEARCH DIVISION

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

1. Dr. C.M. Anwar Khan, Secretary.
2. Sahibzada Muhammad Ayaz, Member (Finance).
3. Mr. Talib Hussain Sial, Deputy Secretary.
4. Dr. M. Qasim Chatta, Project Director (CMP).
5. Mr. Fazal Ahmed, Director (Accounts).
6. Mr. Mahmudul Hasan, Section Officer.
7. Mr. Ansar Hussain, Deputy Director (Audit).
8. Mr. Abdul Malik, Accounts Officer.

109. This Division controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Agriculture Research Division.	54
2.	Development Expenditure of Agriculture Research Division.	154

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1987-88)

110. *Grant No. 54.—Agriculture Research Division (Page 195-AA).*—There was a saving of Rs. 22,465 in the grant, out of which Rs. 22,025 were surrendered, leaving a net saving of Rs. 440. The Committee offered no comment.

111. *Grant No. 154—Development Expenditure of Agriculture Research Division (Page 208-AA).*—Rs. 45,804,000 were surrendered out of the total saving of Rs. 102,566,518. Thus there was a net saving of Rs. 56,762,518.

112. The Principal Accounting Officer explained that the grant pertained to foreign aided projects and as the aid was not received in time, the budget could not be utilized. Audit pointed out that the PAC had already constituted a high-level Committee under the Chairmanship of Secretary, EAD to develop a system for timely utilization or surrender of foreign aid and the Division might coordinate with that Committee to avoid such huge savings in future. The Committee agreed to the proposal.

AUDIT REPORT (CIVIL) (VOL. I—1987-88)

113. *Irregular expenditure of Rs. 571, 128 (Para 1, page 72-AR).*—Audit reported that the Pakistan Agriculture Research Council spent Rs. 571,128 on purchase of furniture from a Karachi based firm without open tenders and also paid Rs. 46,645 as transportation charges. The departmental reply to Audit's contention that the furniture was of good quality and was purchase from the Karachi based firm at the consultant's advice could not be corroborated from the record available.

114. The department stated that although it could not be found from the record as to why the consultants had selected the Karachi based firm, the quality of furniture was undoubtedly very good. The Committee observed that non-observance of prescribed procedure was a serious lapse and an instance of gross misuse of administrative authority. The Principal Accounting Officer was advised to conduct an inquiry, fix responsibility and report the results in the next meeting.

115. *Loss of Rs. 210,000 on account of theft of staff car (Para 2, page 72-AR).*—Audit pointed out that a car worth Rs. 210,000 had been stolen. The department had stated that FIR had been lodged with the police and departmental inquiry had declared that the officer incharge was not responsible. But Finance Division had refused to write off the loss and the department was re-investigating the matter.

116. The department informed that during the second inquiry it had been established that the car was stolen due to the irresponsibility of the officer to whom it was entrusted. Recovery had been ordered from him. The Committee desired that the full amount be recovered from the officer and progress reported.

ACTIONABLE POINTS 1986-87

117. *Crop Maximization Project.*—Audit had presented a Performance Audit Report on crop maximization project with the accounts of Agriculture Research Division for 1986-87 on 25-11-1989. The PAC had desired that Audit might undertake a detailed review of the programme regarding the progress made after the performance audit. Results of this detailed review were submitted by Audit which indicated that:—

(i) In the performance audit report it has been pointed out that there was no data to verify the achievements of the programme. The department had since published various brochures etc. claiming that wheat yield had increased by more than 90%, rice by 104% to 202% and maize by 141% to 532%. However, fertilizer was sold in one year, tractors were distributed in areas not covered in PC-I and implements worth Rs. 24.7 million were still lying in store.

(ii) An amount of Rs. 23,858,318 recovered as income from sale of machinery and fertilizers was lying in the bank account of the proejct instead of being credited to the Government.

118. The Committee desired to know how the figures of increase in yield could be proved. The department stated that the information was collected from various farmers. The Committee advised that the department might arrange visit of a senior officer from Auditor-General's Department and a member of the Committee, if available, to the areas where crops yield had increased. It was also desired that the scope of the programme might be expanded to Sindh. The department informed that a programme to maximize rice crop was already being implemented in Sindh and a visit of PAC members would be arranged to the area in July or August when the crops were on the ground. Regarding the allocation of tractors to areas not covered in the programme, the Committee advised that the cost of the tractors be recovered immediately.

119. The Committee took serious note of the fact that income from sale of machinery was deposited in private bank accounts. The Auditor-General was advised to verify whether the NARC could open accounts in a scheduled bank and keep proceeds of project related sales of machinery and inputs in that account.

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

121. The Committee then adjourned to meet again at 10.00 A.M. on Saturday, the 14th July, 1990.

KHAN AHMAD GORAYA,
Secretary General.

Islamabad, the 10th December, 1992.

NATIONAL ASSEMBLY SECRETARIAT

Saturday, the 14th July, 1990.
Fourth Sitting (PAC)

122. The Public Accounts Committee assembled at 5.00 P.M. in Committee Room No. 2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1987-88. The following members attended the meeting:—

Public Accounts Committee:

1.	Mr. Hakim Ali Zardari, MNA.	*Chairman*
2.	Dr. Mehboob-ur-Rehman, Minister of State for Food and Agriculture.	*Member*
3.	Syed Tasneem Nawaz Gardezi, MNA.	*Member*
4.	Sardar Muhammad Muqeem Khan Khoso, MNA.	*Member*
5.	Syed Muhammad Aslam, MNA.	*Member*
6.	Sardar Ashiq Muhammad Khan Mazari, MNA.	*Member*
7.	Ch. Nisar Ali Khan, MNA.	*Member*

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Secretary,
2. Mr. Javaid Akhtar Sheikh, Joint Secretay (Admn).
3. Mr. Arif Mansur, Deputy Secretary (PAC)
4. Mr. Mulazim Hussain Kazmi, Officer on Special Duty (PAC).

Audit:

1. Syed Iftikhar Shabbir, Auditor-General of Pakistan.
2. Mr. M.A. Lodhi, Deputy Auditor-General (CA&E).
3. Sheikh Muhammad Sadiq, Accountant General Pakistan Revenue.
4. Syed Mujahid Hussain, Director General (GA).
5. Mr. Zulqarnain Qureshi, Director General, Audit (Federal Government).
6. Mr. Nisar Alam, Director General (CA).
7. Mr. Shakeel Ahmed, Director General (PEC).
8. Mr. Shaiq-ul-Khairi, Director Audit, Industries, Supply and Food, Karachi.

Ministry of Finance:

1. Mr. Khalid Durrani, Director General (Projects), Planning and Development Division.
2. Mr. Zulfiqar Khan, FA (Food and Agriculture).
3. Mr. Ahmed Shamsul Huda, FA (Law, Justice and Supreme Court).
4. Mr. Fakhar Abbas Naqvi, Deputy Secretary (Budget).
5. Mr. I.A. Saeed, DFA (Food and Agriculture).

123. *Accounts Examined.*—Accounts pertaining to the following Ministry/Division were examined by the Committee during the meeting:—

1. Law and Justice Division.
2. Supreme Court of Pakistan.
3. Ministry of Food and Agriculture (Including Livestock Division).

LAW AND JUSTICE DIVISION

124. The Committee took up for its examination the Appropriation Accounts etc. pertaining to the Law and Justice Division. The follcwing departmental representatives were present:——

1. Mr. Amjad Ali, Additional Secretary.
2. Mr. Ali Akbar M. Dodani, Joint Secretary.
3. Mr. Abdul Jalil Siddiqui, Deputy Secretary.
4. Mr. Muhammad Amin, Section Officer.

125. This Division controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Ministry of Justice and Parliamentary Affairs.	98
2.	Other Expenditure of Ministry of Justice and Parliamentary Afairs(Justice Division)	99

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1987-88)

126. *Grant No. 98—Ministry of Justice and Parliamentary Affairs (Page 296-AA).*—The portion of the grant relating to Law and Justice Division closed with a saving of Rs. 499,710 against which an amount of Rs. 701,800 was surrendered converting the saving into technical excess. However, the AGPR commented that no excess budget statement would be equired in this case. The Committee did not make any observation.

127. *Grant No. 99—Other Expenditure of Ministry of Justice and Parliamentary Affairs (Justice Division) (Page 297-AA).*—A net saving of Rs. 1,141,471 was reported against the grant after an amount of Rs. 1,616,994 had been surrendered by the Division. The Principal Accounting Officer informed the Committee that the saving pertained to amount which was not utilized by the Federal Shariat Court and lack of timely information had prevented the surrender of anticipated saving. The Committee was not satisfied with the explanation and advised the Principal Accounting Officer to enforce strict financial discipline. It was further advised that an exercise to reconcile the accounts with AGPR should be undertaken and compliance communicated to the Committee within one month.

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

SUPREME COURT OF PAKISTAN

129. The Committee took up for its examination the Appropriation Accounts etc. pertaining to the Supreme Court of Pakistan. The Supreme Court was represented by Mr. Abdur Rahim, Deputy Registrar.

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

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1987-88)

131. *Appropriation "Supreme Court" (Page 298-AA).*—The entire saving of Rs. 1,402,209 had been surrendered in time. No comments were offered by the Committee.

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

MINISTRY OF FOOD AND AGRICULTURE
(Including Livestock Division)

133. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Ministry of Food and Agriculture (including Livestock Division). The following departmental representatives were present:—

1. Mr. Ahmad Sadik, Additional Secretary (Incharge).
2. Mr. Muzaffar Ahmed, Additional Secretary-I.
3. Mr. I.M. Mohsin, Additional Secretary-II.
4. Mr. Ayaz Ali Shah, Joint Secretary (E).
5. Mr. A.W. Kazi, Joint Secretary (A).
6. Mr. Muhammad Anwar Khan, Joint Secretary (L).
7. Mr. M.A. Farouk, Deputy Secretary (F&A).
8. Mr. M. Azmatullah Siddiqui, Deputy Secretary.
9. Mr. T.H. Kardar, OSD (F&A).
10. Mr. Mashooq Hussain Bhatti, Section Officer (F&A).
11. Mr. Abedullah Jan, Inspector General (Forest).
12. Dr. M. Noorullah, Wheat Commissioner.
13. Dr. Muhammad Sharif, Commisioner Special Crop.
14. Dr. Baz Muhammad Khan, Director General (Water Management).
15. Syed Irfan Ahmad, Director General (Federal Seed Certification Department).
16. Dr. M. Shafi, Adviser and Director (Plant Protection).
17. Mr. Anis Ahmed, Director General (Food), Karachi.
18. Mr. Muhammad Rafiq, Acting Director General (Soil Survey).
19. Mr. Iqbal Ahmad Turk, Managing Director (Korangi Fisheries Harbour Authority, Karachi).
20. Mr. Khalid Ahmad, Director General (FID).
21. Maj. General Mukhtar H. Shah, Managing Director (PASSCO).
22. Mr. Abdullah Yousuf, Managing Director (RCP)

134. This Ministry controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Food and Agriculture Division.	53
2.	Forest.	55
3.	Plant Protection Measures.	56
4.	Other Agricultural Services.	57
5.	Zoological Survey Department.	58
6.	Livestock Division.	59
7.	Fisheries.	60
8.	Other Expenditure of Food and Agriculture Division.	61
9.	Capital Outlay on Purchase of Food.	131
10.	Capital Outlay on Purchase of Fertilizer.	132
11.	Capital Outlay on Other Purchase.	132-A
12.	Development Expenditure of Food and Agriculture Division.	153
13.	Development Expenditure of Livestock Division.	155
14.	Capital Outlay on Food Storage and Other Works.	184

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1987-88)

(i) *Grant No. 53—Food and Agriculture Division (Page 194-AA)—*
(ii) *Grant No. 55—Forest (Page 196-AA).*

135. No Comments were offered by the Committee on the grants which had closed with nominal savings.

136. *Grant No. 56—Plant Protection Measures (Page 197-AA).*—The grant closed with an excess of Rs. 11,003,932. The Ministry had surrendered an amount of Rs. 637,500 in the absence of any saving. The Principal Accounting Officer explained that the excess resulted from a carry forward from the previous year on account of certain pesticides which were deliverd in the year under discussion, although the orders had been placed earlier. The Principal Accounting Officer was of the opinion that for such purchases the financial year was extended to 18 months. While clarifying that no such extension was possible under the statutory system, the Committee recommended regularization of the excess.

137. *Grant No. 57—Other Agricultural Services (Page 198-AA).*—The grant closed with an excess of Rs. 209,381. The Ministry surrendered an amount of Rs. 103,000, although there was no saving against the grant. The Principal Accounting Officer explained that the excess occurred because incorrect payment of import duty, sales tax and surcharge was made by a clearing agent dealing with the Federal Seed Certification Department and Soil Survey Department. The Committee advised that the incorrect payment should be got refunded from the Customs Department, the performance of the clearing agent should be reviewed and a change effected, if necessary.

(i) *Grant No. 58—Zoological Survey Department (Page 199-AA).*
(ii) *Grant No. 59—Livestock Division (Page 200-AA).*
(iii) *Grant No. 60—Fisheries (Page No. 201-AA).*
(iv) *Grant No. 61—Other Expenditure of Food and Agriculture Division (Page 202-AA).*
(v) *Grant No. 131—Capital Outlay on Purchase of Food (Page 203-AA).—*

138. The Committee did not offer any comments on the above grants.

139. *Grant No. 132—Capital Outlay on Purchase of Fertilizer (Page-204-AA).*—The grant closed with a net saving of Rs. 13,100,510 after Rs. 121,384,000 were surrendered by the Ministry. The explanation for the saving offered by the Principal Accounting Officer revolved around what in his opinion was 18 month financial year. The Committee after consulting the representative of the Finance clarified that the financial year comprised only 12 months and the Principal Accounting Officer should in future offer explanations only on that basis.

140. *Grant No. 132-A-Capital Outlay on Other Purchase (Page 205-AA).*—The grant closed with a saving of Rs. 333,304. The saving was mainly due to non-booking of certain advertisement charges. The Auditor-General observed that grant No. 132-A was a one time grant and an expenditure on advertisement charges was accommodated against the grant as a special case but was unfortunately not processed/booked by the Ministry in time. The Committee observed that the Ministry should improve its financial control and clear the position regarding the outstanding bills.

141. *Grant No. 153—Development Expenditure of Agriculture Division (Page 206-AA).*—The grant closed with a net saving of Rs. 124.27 million even after Rs. 4.26 million had been surrendered by the Ministry. The Principal Accounting Officer explained that a major expenditure on behalf of UNDP funding had not been reflected in the acounts. The PAC observed that an inter-departmental Committee was already looking into the issue of non-reflection of expenditure in government accounts.

142. *Grant No. 155—Development Expenditure of Livestock Division (Page 209-AA).*—The grant closed with a net saving of Rs. 1.8 million after Rs. 101.5 million were surrendered by the Ministry. No comments were offered by the Committee on the saving.

143. *Grant No. 184—Capital Outlay on Food Storage and Other Works (Page 210-AA).*—The Principal Accounting Officer could not provide a satisfactory explanation for the non-utilization of Rs. 109.49 million. He was advised to come prepared for PAC meetings.

AUDIT REPORT (CIVIL) (VOL. I—1987-88)

144. *Purchase of Fertilizer NP (23:23) at Uneconomical Rates (Para 2, pages 62-64-AR).*—Audit presented their detailed comments on purchase of imported fertilizer at uneconomical rates. The Principal Accounting Officer informed the Committee that the Ministry had entrusted the inquiry to an Additional Secretary of the Establishment Division whose report was awaited. It was decided that further discussion on the matter will take place on receipt of the inquiry report. The Principal Accounting Officer was directed to provided copies of the report to the members.

145. *Un-economical purchase of Fertilizer resulting in excess expenditure of US $ 3,841,600 (Para 3, page 64-AR).*—Audit reported that the Pakistan Mission in Washington invited tenders for procurement of 120,000 MT of DAP Fertilizer on three occasions. The rates received were as follows :—

Date of opening tenders	*Average rate per MT (US$)*
16-6-1987	179.81
17-8-1987	195.41
05-1-1988	214.73

146. The rates received on 16-6-1987 and 17-8-1987 were rejected by the Ministry on the ground that these were on higher side, although a contract for supply of fertilizer @US $ 184.70 per MT had been entered into on 11-6-1987. The rates received on 5-1-1988 which were much higher than previous rates were accepted and orders were placed for the supply of 111,000 MT of DAP Fertilizer. The rejection of earlier low rates resulted in excess expenditure of US $ 3,841,600.

147. The Committee advised the Principal Accounting Officer to conduct a departmental inquiry and submit the report in the next meeting.

148. *Non-recovery of US $ 0.364 Million (Rs. 6.341 million) on account of Liquidated demages (Para 4, Page 66-AR).*—It was observed by Audit that under the FOB contract for supply of Fertilizer, shipment of 28,649 M/tons was made on 20-4-1987 instead of the stipulated date of 28-2-1987. The department did not recover liquidated damages of US $ 170,870 (Rs. 2,973,787) from the supplier although they had to incure extra freight of US $ 193,519 (Rs. 3,367,366) due to increase in freight rates during this period. Advice of Justice Division to encash the performance bond was ignored and the recovery was also waived by the Ministry. It was advised that the explanation of the Principal Accounting Officer who ignored the advice of Law and Justice Division should be called for and submitted to the Committee.

149. *Loss of US $ 1,140,000 (Rs. 22,772 million) due to incurrence of excess freight (Para 5, pages 66-67-AR).*—The Committee observed that although Audit had a valid point, the Government apparently did not have a valid case because essential conditions were not provided in the contract.

150. *Loss of US $ 0.30 Million (Rs. 4.317 million) due to acceptance of stores at higher rate (Para 6, pages 67-68-AR).*—While reviewing the explanation of the loss as alleged by Audit, the Committee observed that the inter-departmental tender committee appointed by the Ministry of Food and Agriculture should comprise primarily officers of the status of Additional Secretary. The Committee also advised the Secretary to conduct an enquiry into the loss and report back the results to the Committee.

151. *Shortage of wheat Rs. 1.436 million (Para 7, page 68-AR).*—The Principal Accounting Officer was advised to have the loss of Rs. 1.436 million investigated and submit the inquiry report within one month.

152. *Non-recovery of penalty of Rs. 1.33 million due to slow discharge of Fertilizer from ship (Para 8, page 68-AR).*—In the face of Audit's contention that slow discharge of fertilizer at the port had resulted in a loss of Rs. 1.33 million, the Principal Accounting Officer dilated upon the various conditions at Karachi port, which, he maintained, make meeting of the discharge specifications very difficult. The Committee observed that the Ministry should fix realistic standards for discharge of ships keeping in view the various factors peculiar to the Karachi port and should then ensure that these standards are strictly enforced.

153. *Loss due to shortage of imported wheat Rs. 1.058 million (Para 9, page 69-AR).*—Audit had observed that 328 M/tons of wheat had not been accounted for in the books of a handling agent. The Principal Accounting Officer was advised to have an inquiry conducted and to submit report within two months.

154. *Loss due to incurrence of demurrage US $ 0.045 million (Rs. 0.75 million) (Para 10, page 69-AR).*—The Principal Accounting Officer disputed Audit's contention that responsibility for a vessel going into demurrage should be fixed and argued that examined from a macro stand point, the demurrage was explained by 12 ships coming in at the same time of which only three were allowed to go into demurrage. The Committee advised the Principal Accounting Officer to improve performance.

155. *Non-recovery of cost of empty gunny bags Rs. 0.71 million (Para 11, page 69-AR).*—In a case in which Rs. 0.71 million were outstanding agaisnt a contractor while a security of Rs. 1 million was withheld by the department, the Committee advised that the matter should be settled with the handling agent and a report submitted to the Committee within two months.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII—1987-88)

Roti Corporation of Pakistan (Private) Limited

156. *The Accounts of RCP (Paras 2-3 (7), page 22-ARPSE).*—The Committee took serious note of the fact that the Corporation had not prepared accounts for the last eleven years and a directive issued by the PAC on 25-11-1989 in this regard had been ignored. It was directed that the Principal Accounting Officer should call the explanation of all eight members of the Board of Governors of Roti Corporation of Pakistan and these explanations should be submitted in the next PAC meeting.

Karachi Fisheries Harbour Authority

157. *Loss of Rs. 0.530 million due to delay in approval of project (Para 35, page 64-ARPSE).*—The Committee did not offer any observation on this para.

Pakistan Agricultural Storage and Services Corporation Limited

158. *Irregular payment of bonus to the officers amounting to Rs. 6.561 million (Para 36, pages 64-65-ARPSE).*—The Committee advised that entire amount paid as bonus to officers of the Corporation should be recovered and a compliance report furnished to the Committee.

159. *Unjustified payment of Rs. 168.812 due to excess rebagging/refilling of wheat (Para 37, page 66-ARPSE).*—The Principal Accounting Officer was advised to have an inquiry conducted through a senior officer of the Ministry and a representative of the Auditor-General. The report was advised to be submitted in the next meeting.

160. *Working results of PASSCO (Para 272, pages 196-197-ARPSE).*—The working results of PASSCO were discussed and it was noted that the Corporation after sustaining loss of Rs. 163.467 million in 1983 had accumulated loss of Rs. 594.432 million as on 31-12-1983 and thereafter earned profit of Rs. 82.573 million in 1984, Rs. 50,249 million in 1985, Rs. 126,888 million in 1986, Rs. 53.669 million in 1987 and Rs. 111.673 million as on 31-3-1989 (15 months).

161. The accumulated losses were reduced to Rs. 169.259 million as on 31-3-1990 from Rs. 594.432 million in 1983. The Corporation was advised to tighten financial control and reduce the losses further to justify its existence.

162. *Losses of gunny bags (Para 274, page 197-ARPSE).*—The PASSCO was advised to take remedial measures to reduce the excessive loss of gunny bags.

163. The Committee deferred the examination of remaining paras of Audit Report to the following day and adjourned to meet again at 10.00 A.M. on Sunday, the 15th July, 1990.

KHAN AHMAD GORAYA,
Secretary General.

Islamabad, the 10th December, 1992.

NATIONAL ASSEMBLY SECRETARIAT

Sunday, the 15th July, 1990.
Fifth Sitting (PAC)

164. The Public Accounts Committee assembled at 10.00 A.M. in Committee Room No. 2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1987-88. The following members attended the meeting:—

Public Accounts Committee:

1. Mr. Hakim Ali Zardari, MNA. *Chairman*
2. Dr. Mehboob-ur-Rehman, Minister of State for Food and Agriculture. *Member*
3. Syed Tasneem Nawaz Gardezi, MNA. *Member*
4. Sardar Muhammad Muqeem Khan Khoso, MNA. *Member*
5. Syed Muhammad Aslam, MNA. *Member*
6. Mr. Abdul Khaliq Khan, MNA. *Member*
7. Ch. Nisar Ali Khan, MNA. *Member*

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Secretary,
2. Mr. Javaid Akhtar Sheikh, Joint Secretary (Admn).
3. Mr. Arif Mansur, Deputy Secretary (PAC)
4. Mr. Mulazim Hussain Kazmi, Officer on Special Duty (PAC).

Audit:

1. Syed Iftikhar Shabbir, Auditor-General of Pakistan.
2. Mr. M.A. Lodhi, Deputy Auditor-General (CA&E).
3. Sheikh Muhammad Sadiq, Accountant General Pakistan Revenues.
4. Syed Mujahid Hussain, Director General (GA).
5. Mr. Zulqarnain Qureshi, Director General, Audit (Federal Government).
6. Mr. Nisar Alam, Director General (CA).
7. Mr. Shakeel Ahmed, Director General (PEC).
8. Mr. Shaiq-ul-Khairi, Director Audit, Industries, Supply and Food, Karachi.

Ministry of Finance:

1. Mr. Tanwir Ali Agha, Joint Secretary (Budget).
2. Mr. Zulfiqar Khan, FA (Food and Agriculture).
3. Mr. M. Amjad Virk, FA (Planning and Development).
4. Mr. Ahmed Shamsul Huda, FA (States and Frontier Regions).
5. Mr. I.A. Saeed, DFA (Food and Agriculture).
6. Ch. Walayat Khan, Deputy Director (Projects) Planning and Development Division.

165. *Accounts Examined.*—Accounts pertaining to the following Ministries/Divisions were examined by the Committee during the meeting:—

1. Ministry of Food and Agriculture (Deferred Accounts).
2. Planning and Development Division.
3. States and Frontier Regions Division.

MINISTRY OF FOOD AND AGRICULTURE

(Deferred Accounts)

166. The Committee took up for its examination the deferred accounts pertaining to the Ministry of Food and Agriculture, which was deferred on 14-7-1990. The following departmental representatives were present:—

1. Mr. Ahmad Sadik, Additional Secretary (Incharge).
2. Mr. I.M. Mohsin, Additional Secretary-II.
3. Mr. Ayaz Ali Shah, Joint Secretary (E).
4. Mr. A.W. Kazi, Joint Secretary (A).
5. Mr. Muhammad Anwar Khan, Joint Secretary (L).
6. Mr. M.A. Farouk, Deputy Secretary (F & A).
7. Mr. M. Azmatullah Siddiqui, Deputy Secretary.
8. Mr. T.H. Kardar, O.S.D. (F & A).
9. Mr. Mashooq Hussain Bhatti, Section Officer (F &A).
10. Mr. Abedullah Jan, Inspector General (Forest).
11. Dr. M. Noorullah, Wheat Commissioner.
12. Syed Irfan Ahmad, Director General (Federal Seed Certification Department).
13. Dr. M. Shafi, Advisor & Director (Plant Protection).
14. Mr. Anis Ahmed, Director General Food, (Karachi).
15. Mr. Khalid Ahmed, Director-General (FID).

Review of Compliance

167. The Committee took up compliance of previous directives of the PAC. Summarizing the compliance position the Auditor-General informed the Committee that 10 directives had been issued by the PAC, on 21-3-1989, on the accounts for 1985-86, out of which 5 had been complied with. In one case the directive had been partially complied with and satisfactory action had not been taken on the 4th directive. While considering the accounts of 1986-87, PAC had given 11 directives out of which only 2 had been complied with. The Auditor-General sought permission to present parawise position regarding the directives which had not been complied with.

ACTIONABLE POINTS 1985-86

(i) *Grant No. 55-Plant Protection Measures (Page 159-AA) (Item 1-AP-85-86)*—

(ii) *Grant No. 129—Capital Outlay on Purchase of Fertilizer (Page 167-AA) (Item 2-AP-85-86)*—

168. No further observation was made by the Committee on the above grants.

169. *Grant No. 149 — Development Expenditure of Food & Agriculture Division (Page 168-AA) (Item 3-AP-85-86).*—The Committee was informed that the Sub-Committee comprising Dr. Mahboob-ur-Rehman, MNA, had already submitted its report. The Committee accepted the Sub-Committee's report and directed the Ministry to implement it.

170. *Grant No. 180—Capital Outlay on Food Storage and Other Works (Page 171-AA) (Item 4-AP-85-86).*—In its meeting held on 21-3-1989, the PAC had assigned the responsibility to AGPR to make a review in consultation with EAD, as to how foreign aid transactions could be adjusted in the same year. The Committee was informed that the matter had accordingly been reviewed and necessary instructions issued by the EAD.

171. *Recoveries for short receipt of stores not effected $ 772,655 (Rs. 12,838,126), (Para 1, page 55-AR-85-86) (Item 5-AP 85-86).*—The Committee was informed that a recovery of US $ 126,977 (Rs. 2,109,845) had been verified by Audit. The balance of US $ 645,687 remained to be recovered. The department was advised to settle the recovery within two months and report to the Committee.

172. *Loss due to shortlanding and damages of fertilizer and incurrence of extra expenditure of Rs. 4.43 million (Para 2, page 56-AR-85-86) (Item 6-AP-85-86).*—The Committee was informed that a decision had been requested by the Prime Minister through summary and that decision was awaited. The department was advised to remind the Prime Minister's Secretariat regarding decision on the case.

173. *Loss of Rs. 2,633,780 due to shortage of imported wheat (Para 4, page 57-AR-85-86) (Item 7-AP-85-86).*—The department was advised to recover the loss within two months and report back to the Committee.

174. *Performance Audit Report on Islamabad Milk Plant (Paras 1—10, pages 65-73-AR-85-86) (Item 9-AP-85-86).*—The Committee in an earlier meeting on 21-3-1989 had directed that the Ministry should dispose of the milk plant. The Principal Accounting Officer informed the Committee that the possibility of establishing a dairy technology institute was being examined by the Ministry. The Committee directed that in case the Government decided to set up the institute, assets of the milk plant could be transferred/sold to the proposed institute.

Pakistan Agricultural Storage and Services Corporation Limited

175. *Working result of PASSCO for 1985-86 (Paras 216-217, page 204-ARPSE-85-86) (Item 10-AP-85-86).*—The PAC in its meeting held on 21-3-1989 had directed that the Corporation should receive assistance from the Ministry of Finance for receiving its outstanding amounts from the Provinces even if at source deductions from budget allocation were required. The matter was further discussed in the meeting and the representative of the Ministry of Finance undertook to consult the provinces and come up with an agreed procedure for implementation of the PAC directive.

ACTIONABLE POINTS 1986-87

176. *Loss due to shortage of imported fertilizer Rs. 0.354 million (Para-3, page 55—AR-86-87) (Item 2-AP-86-87).*—The Committee directed that there should be no inter-adjustment of cargo received on various ships. Losses and excesses against each ship should be accepted as they are in actual fact.

177. *Loss of US $ 23.975 Due to incurrence of Demurrage (Para 4, pages 55-56-AR-86-87) (Item 3-AP-86-87).*—The Principal Accounting Officer informed the Committee that he had ordered an inquiry into the case. It was directed that the report should be submitted within two months.

178. *Purchase of sub-standard fertilizer US $ 0.27 million (Para 5, page 56-AR-86-87) (Item 4-AP-86-87).*—The Committee directed that the inquiry report be submitted within two months.

179. *Loss due to damages of gunny bags Rs. 2.96 million (Para 6, page 56-AR-86-87) (Item 5-86-87).*—The Committee directed that the amount should be deducted from the security deposit of the contractor held up by the Ministry and the case should be settled on that basis.

180. *Loss due to damage of imported wheat Rs. 2.548 million (Para 7, page 57-AR-86-87) Item 6-AP-86-87).*—The Committee advised that the loss may be written off.

181. *Loss due to damage to imported wheat Rs. 1.971 million (Para 8, page 57-AR-86-87) (Item-7-AP-86-87).*—The Committee in its previous meeting had directed that damaged wheat should not be sold in the open market even as an item unfit for human consumption, the apprehension being that such wheat could be purchased by unscrupulous buyers and resold in the market for human consumption. The matter was further discussed in the meeting and it was decided that the Ministry could dispose of damaged wheat in a limited auction and every effort should be made to ensure that only *bona fide* buyers who deal with poultry/animal feed participate in the auction.

182. *Loss due to fraudulent drawal of Rs. 1.697 million (Para 9, page 57-AR-86-87) (Item 8-AP-86-87).*—In a case in which Rs. 1.7 million were fraudulently drawn by a handling contractor on the basis of fictitious certificate, the Committee advised that the department should vigorously pursue its case in the court.

Pakistan Agricultural Storage and Supplies Corporation

183. *Shortage of Rs. 983,961 (Para 17, page 41-ARPSE—86-87) (Item 10-AP-86-87).*—The Ministry was advised to submit report in pursuance of the previous PAC directive within two months.

Roti Corporation of Pakistan

184. *Audit comments on RCP (Paras 2-3(10), page 19-ARPSE-86-87) (Item 11-AP-86-87).*—The Committee directed that the audited accounts of the Corporation should be submitted to the Auditor-General immediately. Auditor-General was advised to carry out a detailed audit of the Corporation.

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

PLANNING AND DEVELOPMENT DIVISION

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

1. Mr. Bashir Ahmed, Secretary.
2. Mrs. Rehana Gill, Joint Secretary.
3. Mr. Mushtaque Hussain Syed Deputy Secretary (Admn.)
4. Mr. Muhammad Sadiq Khan, Section Officer (F & A).
5. Mr. Muhammad Naeem, Section Officer.
6. Mr. S. M. W. Rebazul Haq, Section Officer.
7. Mr. Ashfaq Mahmood, Senior Chief (Energy Wing).
8. Dr. Masooda Akhtar, Project Director.
9. Maj. General Sikandar Hayat Khan, Director General (NLC).
10. Mr. Abdul Hameed, Secretary (PIDE).
11. Mian Nadir Shah, Managing Director (NCC).
12. Mr. Usman Shah Afridi, Liquidator (MCP).
13. Mr. Abdul Majeed, Chief (NTRC).

187. This Division controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Planning and Development Division	109
2.	Development Expenditure of Planning and Development Division	167

APPROPRIATION ACCOUNTS (CIVIL) (VOL. 1 — 1987-88)

188. *Grant No. 109.— Planning and Development Division (Page 330-AA).*—No comments were offered by the Committee on the net saving of Rs. 227,164.

189. *Grant No. 167.— Development Expenditure of Planning and Development Division (Page 332-AA).*—The grant closed with a net saving of Rs. 47,474,442, even after a surrender of Rs. 17,401,305 by the Ministry. The Committee was informed that an inter-ministerial Committee had already been set up by the PAC in its meeting held on 31-5-1989 to sort out the problem relating to the accounting of foreign aid and the timely reporting of expenditure against Aid Funded Programmes. Originally Secretary Planning and Development Division had been nominated as its convener, but it was decided that for better coordination Secretary, Economic Affairs Division would be the new convener. The PAC also advised that the inter-ministerial Committee may consider the issues expeditiously and submit the report within 3 months.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII — 87-88)

190. *National Construction Company (Pakistan) Limited (Para 2-3 (126), page 12-ARPSE).*—The Committee was informed that the accounts of NCC (Pakistan) Limited for the year 1987-88 had not been supplied to Audit, it was also not known whether the accounts had been audited by the appointed chartered accountants of the company. The departmental representative informed that the company had taken certain contracts in Libya, Kuwait and Iraq. Accounts pertaining to these activities were not available. It was also informed that the company was facing a major problem and Ministry had already recommended its liquidation to ECC. The Government had recently appointed the liquidator. The Committee advised compilation of duly audited accounts for the last 5 or 6 years and further advised that the decision on liquidation of the company should be expedited. The Committee also appointed a Sub-Committee comprising Dr. Mahboob-ur-Rehman, Minister of State for Food and Agriculture, to look into the losses already incurred by the company with the help of a representative of the Auditor General.

National Logistics Cell

191. *Wasteful expenditure of Rs. 7,956 million on livestock and agricultural development farms (Para 56, page 88-ARPSE).*—The Committee decided that the wasteful expenditure on livestock and agricultural development farms might be written off because Principal Accounting Officer gave assurance that NLC in future would not venture into undertakings which did not fall within the purview of its charter.

192. *Loss of Rs. 3.114 million on disposal of spares of Ford and Dodge trucks and spares valuing Rs. 19.635 million of other makes of trucks lying dormant (Para 58, page 85-ARPSE).*—The Committee was informed that spares worth Rs. 18 million pertaining to Ford and Dodge vehciles whose six years of life had been completed, were already on the inventory of the NLC. Spares valuing Rs. 3.70 million were subsequently disposed of for only Rs. 0.591 million in July, 1986, resulting in a loss of Rs. 3.114 million. The departmental representative explained that certain old trucks taken over from the Army were mobilized at a short notice at the time that the NLC was set up. This appeared to be the only feasible option at that time. The inventory control system of the NLC had improved considerably since then.

PERFORMANCE EVALUATION OF PUBLIC ENTERPRISES (VOL. IX-A—1989)

193. *Performance Evaluation Report on National Logistics Cell GHQ, Rawalpindi (Paras 1.1 to 12.7, pages 5-54-PEPE-Vol IX-A 1989).*—Following observations were made during discussion on the Performance Evaluation Report of NLC:

(i) The Committee was informed that a Committee headed by Mr. A.G.N. Kazi had recommended that funds provided by the government to NLC to carry out its business should be treatd as equity with 12% rate of return.
The PAC desired that its concurrence to this recommendation be conveyed to the concerned authorities.

(ii) The Committee re-emphasized that the NLC should stick to transportation business.

(iii) The Committee observed that the NLC vehicles should pay toll taxes to the provinces even though they might retain Army number plates.

(iv) NLC should ensure that over loading of their vehicles does not destroy the roads.

ACTIONABLE POINTS 1985-86

194. *Grant No. 162—Development Expenditure of Planning and Development Division (Page 286-AA-85-86) (Item 1-AP-85-86).*—It was advised that the copies of the representation made to the PAC on 31-5-1989 be provided to the members.

National Construction Company (Pak.) Limited

195. *Misappropriation of Sr. 65,253 equivalent to Rs. 300,816 by Ex-Administrative Supervisor (Para 53, page 65-ARPSE-85-86) (Item 2-AP-85-86).*—The Committee was not satisfied with the reported progress and advised that efforts be made for maximum possible recovery to settle the outstanding para.

ACTIONABLE POINTS 1986-87

196. *Performance Report on Technical Assistance Credit-1 (Paras 1.1 to 3.9, pages 215-223-AR-86-87) (Item 2-AP-86-87).*—The Performance Audit Report on Technical Assistance Credit-I was presented before the PAC on 31-5-1989. The PAC had directed the Division to develop a system to monitor effective utilization of studies conducted under the project and to examine if the studies could be made public and copies provided to the members of PAC.

National Logistics Cell

197. *Non-recovery of Rs. 19.059 million on account of services rendered by NLC to KPT (Para 21, pages 46-47-ARPSE-86-87) (Item 3-AP-86-87).*—The PAC directed that the matter regarding non-recovery of Rs. 19.059 million on account of services rendered by the NLC to KPT be resolved by the NLC Board and a report rendered to the Committee.

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

STATES AND FRONTIER REGIONS DIVISION

199. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the States and Frontier Regions Division. The following departmental representatives were present.

1. Mr. S. K. Mahmud, Secretary.
2. Mr. Abdul Rauf Khan, Joint Secretary(R).
3. Mr. Khumar Khan Mahsud, Joint Secretary(A).
4. Mr. Matiullah Khan, Jont Secretary(R).
5. Mr. Sher Akbar, Deputy Secretary (FATA).
6. Mr. U. D. Khan Lodhi, Section Officer (F & A).
7. Mr. Munir Ahmad, Section Officer (Budget).
8. Malik Eijaz Hussain Malik, Assistant Director (A/Cs).
9. Mr. Alam Khan, Secretary (C&W Deptt. N.W.F.P.)
10. Mr. Sardar Ali Khan, Director (Health Deptt. N.W.F.P.)
11. Mrs. Ali Begum, Chief of FATA (P & D Deptt. N.W.F.P.).
12. Qazi Hafiz-ur-Rehman, Additional Finance Secretary (N.W.F.P.).
13. Mr. Azim Khan Mahsud, Deputy Secretary, (Home Deptt. N.W.F.P.).
14. Mr. Aziz Khan CFC (Frontier Constabulary).
15. Col. Asadullah Khan, Chairman (FATADC Peshawar).
16. Mr. Shafiullah Khan, Additional Commissioner, (Afghan Refugees N.W.F.P.).

200. This Division controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	States & Frontier Regions Division.	118
2.	Frontier Regions.	119
3.	Frontier Constabulary.	120
4.	Federal Administered Tribal Areas.	121
5.	Other expenditure of FATA.	122
6.	Maintenance Allowance to *Ex*-Rulers.	123
7.	Other Expenditure of States & Frontier Regions Division.	124
8.	Afghan Refugees.	125
9.	Development Expenditure of FATA.	170
10.	Capital Outlay on Development of Tribal Areas.	192

APPROPRIATION ACCOUNTS (CIVIL) (VOL. 1 — 1987-88)

201. *Grant No. 118.— States and Frontier Regions Division (Page 359-AA).*—No comments were offered by the Committee on the net saving of Rs. 37,037.

202. *Grant No. 119.— Frontier Regions (Page 360-AA).*—The grant closed with an excess of Rs. 13,848,485. The Committee was informed that excess pertained to increase in pay and allowance as announced by the Federal Government. The Committee recommended that excess may be regularized.

203. *Grant No. 120.—Frontier Constabulary (Page 361-AA).*—The grant closed with an excess of Rs. 12,285,439. Principal Accounting Officer explained that this excess also pertained to mandatory payment relating to pay and allowances, medical allowance etc. The Principal Accounting Officer was advised to take note of the excesses and to ensure that efforts were made to improve the financial deiscipline of the Ministry. The Ministry of Finance was advised to ensure that officers with proper background were made available at Deputy Secretary level in the Ministries/Divisions to ensure proper budgetary control accounting. The Committee recommended that the excess may be regularized.

204. The Committee deferred the examination of remaining grants/paras till 19-7-1990 and adjourned to meet again at 10.00 A.M. on Monday, the 16th July, 1990.

KHAN AHMAD GORAYA,
Secretary General.

Islamabad, the 10th December, 1992.

NATIONAL ASSEMBLY SECRETARIAT

Monday, the 16th July, 1990.
Sixth Sitting (PAC)

205. The Public Accounts Committee assembled at 10.00 A.M. in Committee Room No. 2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1987-88. The following members attended the meeting:—

Public Accounts Committee:

1.	Mr. Hakim Ali Zardari, MNA.	*Chairman.*
2.	Dr. Mehboob-ur-Rehman, Minister of State for Food and Agriculture.	*Member.*
3.	Syed Tasneem Nawaz Gardezi, MNA.	*Member.*
4.	Sardar Muhammad Muqeem Khan Khoso, MNA.	*Member.*
5.	Syed Muhammad Aslam, MNA.	*Member.*
6.	Sardar Ashiq Muhammad Khan Mazari, MNA.	*Member.*
7.	Mr. Abdul Khaliq Khan, MNA.	*Member.*
8.	Ch. Nisar Ali Khan, MNA.	*Member.*

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Secretary.
2. Mr. Javaid Akhtar Sheikh, Joint Secretary (Admn.)
3. Mr. Arif Mansur, Deputy Secretary (PAC).
4. Mr. Mulazim Hussain Kazmi, Officer on Special Duty (PAC).

Audit:

1. Syed Iftikhat Shabbir, Auditor-General of Pakistan.
2. Mr. M.A. Lodhi, Deputy Auditor-General (CA & E).
3. Sh. Muhammad Sadiq, Accountant General Pakistan Revenues.
4. Syed Mujahid Hussain, Director General (Govt. Audit).
5. Mr. Nisar Alam, Director General, (Commercial Audit).
6. Mr. Shakeel Ahmed, Director General (PEC).

Ministry of Finance:

1. Mr. Tanwir Ali Agha, Joint Secretary (Budget).
2. Mr. Khalid Durrani, Director General (Projects), Planning and Development Division.
3. Mr. Ahmad Shamsul Huda, FA (Election Commisison).
4. Mr. Muhammad Hanif Malik, F.A/Joint Secretary (Military Finance).

206. *Accounts Examined.*—Accounts pertaining to the following Ministry/Division were examined by the Committee during the meeting:—

1. Election Commission of Pakistan.
2. Finance Division (Deferred Accounts).

ELECTION COMMISSION OF PAKISTAN

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

1. Mr. H. M. Chohan, Secretary.
2. Mr. M. Sarwar Khan Durrani, Joint Secretary.
3. Mr. S. M. Arshad, Deputy Secretary.
4. Mr. Shakerullah, Accounts Officer.

207-A. This Commission controlled the Appropriation "Elections."

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I — 1987-88)

208. *Appropriation.— Elections (Page 298-AA).*—There was a saving of Rs. 1,192,655 in the grant. Rs. 970,560 were surrendered, levaing net saving of Rs. 222,095. The Committee did not offer any comment.

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

FINANCE DIVISION
(Deferred Accounts)

210. The Committee took up for its examination the Audit Report etc. pertaining to the Finance Division, which was deferred on 10-7-1990. The following departmental representatives were present:—

1. Mr. R. A. Akhund, Secretary.
2. Qazi M. Alimullah, Additional Secretary.
3. Mr. M. Amjad Virk, Joint Secretary (Admn).
4. Major Ahmed Nawaz Malik, Deputy Secretary (F&A).
5. Mr. Bashir Ahmed, Accounts Officer (F&A).
6. Syed Shaukat Hussian, Joint Secretary.
7. Mr. Javed Ahmed Noel, Joint Secretary.
8. Mr. S. Adeeluddin, Executive Director (EPF).
9. Mr. I. A. Hanfi, Secretary (EPF).
10. Chaudhri Ahmad Saeed, Chairman (ADBP).
11. Mr. Abdur Rehman, Managing Director (IDBP).
12. Mirza Amin Beg, SVP (RDFC).
13. Mr. S. G. Abbas, SVP (Bankers Equity Ltd.).

14. Mr. M. Zafar Iqbal, Joint Secretary (IF).
15. Mr. Athar Mahmood, Deputy Secretary (IF).
16. Mrs. Bilqees Fatima, Executive Director (HBFC).
17. Mr. S. M. Shaukat, Master of Mint.
18. Mr. A. B. Soomro, Managing Director (PSPC).
19. Mr. Mansoor Aqil, Director General (CDNS).
20. Mr. Kanwar Idris, Managing Director (Bankers Equity Ltd.).
21. Mr. Imtiaz A. Sahibzada, Managing Director (FBC).
22. Mr. Inam-ul-Haq, Managing Director (AMSL).

AUDIT REPORT (CIVIL) (VOL. I — 1987-88)

211. *Misappropriation of Rs. 1,673,747 (Para 1, pages 52-53-AR).*—Audit reported that Rs. 1,673,747 were misappropriated in National Savings Centre. An Upper Division Clerk involved had been dismissed and FIA was investigating the case. The Ministry had also issued comprehensive instructions for future safeguards.

212. The Ministry stated that court case had been lodged against the clerk and recovery would be made after decision of the court. FIA was making investigations to find out whether any one else was also involved. The department had taken measures to make the system foolproof and no other such incident had since occurred. The Committee advised the department to make efforts to get the court case expedited.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII — 1987-88)

Agricultural Development Bank of Pakistan

213. *Working results of ADBP (Para 217, page 174 – ARPSE).*—Audit presented working results of the Agricultural Development Bank of Pakistan which indicated that the Bank's profit decreased from Rs. 390 million in 1986-87 to Rs. 301 million in 1988-89. Expenditure increased from Rs. 1.467 million in 1986-87 to Rs. 1,840 million in 1988-89. Amount disbursed as loans increased from Rs. 6.031 million in 1986-87 to Rs. 8.668 million in 1988-89. The balance of outstanding loans increased from Rs. 18.055 million in 1986-87 to Rs. 28.602 in 1988-89.

214. The department submitted that although expenditure had increased by 26%, the credit disbursement had also increased by 28%. One reason for increase in administrative expenditure was that the members of Board of Directors paid a visit to some countries abroad to study their system of credit and recovery. Revision of pay scales was another reason. Regarding recovery of loans it was stated that the bank was making efforts to ensure timely recoveries and the target of recoveries for 1988-89 had been achieved 100%. The Bank also made provision for bad debts in accordance with the approved formula. In reply to an observation that bank loans were not being utilized for the purpose they were obtained, the department informed that the Bank had a proper system for monitoring the loans and if such cases were pointed out, the loans were cancelled. As for as the loss-making milk plants established with Bank's loan were concerned, the Bank was negotiating with their owners to find out ways for recovery of loans. The Bank's manual had been updated to check corruption and wastage of time. The Bank did not exercise any political discrimination in loans disbursement. A monitoring committee headed by the Chairman had been formed to oversee that loans were used for the purpose for which they wer released.

215. The Committee formed a Sub-Committee comprising Dr. Mehboob-ur-Rehman, Minister of State for Food & Agriculture and Sardar Muhammad Muqeem Khan Khoso, MNA to

examine the performance of the ADBP with reference to various points raised during examination of working results.

Bankers Equity Limited

216. *Working results of the Company (Para 223, page 176-ARPSE).*—Presenting working results of Bankers Equity Limited, Audit pointed out that the BEL was incorporated as a private limited company in 1979. Its share capital, which was Rs. 1,033,92 million on 30-6-1987 was reduced to Rs. 333.92 million on 30-6-1988 due to conversion into term financing certificates. The Company's profit decreased from Rs. 206.281 million in 1986-87 to Rs. 163.679 million in 1988-89 while the expenditure increased from Rs. 120.675 million in 1986-87 to Rs. 405.385 million in 1988-89. The Committee didi not make any observation.

217. *Doubtful recovery of Rs. 34.900 million from a clay products company (Para 20, pages 45-46-ARPSE).*—Audit reported that a Bankers Equity Limited-led syndicate sanctioned financing of Rs. 27.600 million including its share of Rs. 12.150 million to a clay product company. BEL sanctioned further Rs. 17.3 million for local machinery and working capital with return *at the rate of* 15% per annum by 13th December, 1985. Instead of earning profit, the company suffered losses and operations were stopped. No installments and returns were repaid to BEL and only a bank guarantee of Rs. 10 million was encashed with return of Rs. 3 million. Thus the syndicate investment of Rs. 34.900 million was wasted but reasons of the loss were not determined nor was responsibility fixed.

218. The department acknowledged that this was a case of genuine failure and they were trying to analyse the causes. The Committee advised that efforts be made to recover the amount.

219. *Unproductive investment of Rs. 19.611 million in a paper board mill (Para 21, pages 46-47-ARPSE).*—Audit pointed out that another Bankers Equiry Limited-led syndicate sanctioned participation financing of Rs. 33.400 million to a paper board mill in April 1984 in lieu of public shares without proper underwriting commitment. The mill was closed in December 1986. Liquidation proceedings against the mill had been initiated by some third party and the management transferred its interest in the mill to another party without the knowledge of BEL. Thus the chances of recovery of BEL's investment were remote.

220. The department stated that legal proceedings were undertaken in 1989. Meanwhile another party had taken over the mill and had agreed to make a down payment of Rs. one million and give a bank guarantee of about Rs. 4.2 million. The rest of the loan of BEL had been re-scheduled and sponsors had agreed to place the shares in the custody of BEL. Arrangements for repayment of loan had thus been made. The Committee settled the para.

221. *Expected loss of underwriting investment of Rs. 3.400 million and additional financing of Rs. 0.700 million (Para 22, pages 47-48 - ARPSE).*—Audit reported that a Bankers Equity Limitd led syndicate approved financial assistance of Rs. 3.4 million to a private company for underwriting its shares. BEL paid in April 1984, by way of long term participation term certificates, another amount of Rs. 0.7 million. The project did not succeed and production was suspended in May 1984. The major financier IDBP and B.E.L. filed a suit against the company in 1986.

222. The department stated that efforts were made for an out-of-court settlement but since the respondent did not agree to it, the legal case was being pursued. The Committee observed that it would be better to effect recovery through negotiations.

Equity Participation Fund

223. *Working results of the Organization (Para 228, page 178-ARPSE).*—Audit presented working results of Equity Participation Fund, which was established in 1970 to accelerate growth of

small industrial enterprises in the private sector by providing equity support. The Fund earned profit throughout the years but its profits decreased from Rs. 9.62 million in 1986-87 to Rs. 7.152 million in 1988-89 while expenditure increased from Rs. 1.39 million in 1986-87 to Rs. 2.413 million in 1988-89.

224. The department explained that the income had declined due to a fall in activity but the whole scheme was like a commercial venture which put an equity share in small projects and there were no effective regulatory arrangements for either getting the accounts of the firms audited or taking action against them.

225. The Committee observed that a Sub-Committee headed by Dr. Mahboob-ur-Rehman, MNA. had found the working of the Fund to be satisfactory. However, the Committee advised that since the Fund was designed to encourage small scale entrepreneurs, the overall policy should take into account the many problems of small scale business and industry and emphasis should be on encouragement and guidance, rather than routine management of on-going schemes. There was also a need to improve procedures.

226. *Expected loss of Rs. 4.174 million due to imprudent investment in unviable porjects and loss of dividend of Rs. 3.035 million (Para 23, pages 49-50 – ARPSE).*—Audit reported that Equity Participation Fund invested Rs. 4.174 million in seven projects without judicious project appraisal and the projects closed down either on completion or after trial production. The EPF was in danger of losing its equity instead of receiving guaranteed dividend of Rs. 3.035 million by 1988. Cases in respect of three projects were pending in Banking Tribunal but no recovery had been made.

227. The Committee advised that efforts be made to recover the amount through negotiations instead of getting involved in prolonged court procedures.

228. *Loss on account of birdge-financing and purchase of shares amounting to Rs. 1.950 million and non-recovery of interest (Para 24, pages 50-51-ARPSE).*—Audit pointed out that Equity Participation Fund paid Rs. 1.650 million to three companies as bridge financing against underwriting. The Companies could not pay back capital and interest amounting to Rs. 2.151 million accumulated thereon till June, 1987 due to non-issuance of shares. EPF made bad debt provisions of Rs. 2.1 million during 1985-86 and 1987-88 and purchased shares valuing Rs. 0.300 million of a company liquidated due to admitted inadequate supervision. There was no hope of recovery of investment but neither investigations were held nor problems resulting into wasteful investment were identified.

229. The department stated that efforts were being made to recover the amount and bridge financing had since been stopped. The Committee observed that the three investments conveyed the impression that the participation of Ministry of Finance itself in the Equity Paticipation Fund was not satisfactory. The projects were not examined properly, necessary advice was not made available to the private parties and involvement of officers of the Ministry in the investments was essentially of a routine nature. The Principal Accounting Officer was advised to appoint his own officers to study as to why the projects were not working satisfactorily and take steps to make participation of the Ministry more effective.

Federal Bank for Cooperatives

230. *Working results of the Bank (Para 230, page 179-ARPSE).*—The working results of the Federal Bank for Cooperatives were not taken up by the Committee in view of a comprehensive evaluation to be presented in the meeting at a later stage.

Agricultural Marketing and Storage (Pvt.) Limited

231. *Working results of AMSL (Para 237, page 181-ARPSE).*—Presenting working results of Agricultural Marketing and Storage (Pvt). Limited, Audit pointed out that the company had a paid-up

capital of Rs. 25 million. It had been incurring losses which had accumulated to Rs. 44.269 million by 1988-89. The company was not showing any fruitful results since its inception and the very purposes of its establishment had been defeated. The PAC had formed a Sub-Committee on 27-11-1989, headed by the Finance Minister, to review the whole operation of the company.

232. The department stated that the loss indicated subsidy given to farmers. As AMSL did not have its own godowns, private godowns were hired and their owners were held responsible for any loss in the godowns. A project was being undertaken to build godowns owned by AMSL.

233. The Committee advised that the AMSL should improve its storage facilities before going to the market for the purchase of various commodities. It was also advised that the Sub-Committee constituted on 27-11-1989 to review the working of AMSL should submit its report within two months.

234. *Infructuous expenditure of Rs. 20,000 (Para 25, page 52-ARPSE).*—Audit reported that AMSL hired a Chartered Accountant firm in July 1985 for a fee of Rs. 10,000 per month to set right its accounts within six months. No work was done and an infructuous payment of Rs. 20,000 was made for which responsibility had not been fixed. The Committee advised that the amount may be written off.

House Building Finance Corporation

235. *Working results of HBFC (Paras 2-3(5) & 242, page 183-ARPSE).*—Audit presented working results of the House Building Finance Corporation which indicated that profit of HBFC increased from Rs. one million in 1985-86 to Rs. 165 million in 1987-88. The Chartered Accountants who audited the accounts made a number of qualifcations in their certificate on the accounts for 1985-86 and 1986-87 but their settlement was not reported. The management failed to submit the accounts for 1987-88 in time.

236. The department acknowledged that its compilation of accounts was not satisfactory in the past because a bank was engaged to computerize its accounts in 1973 and the process continued till 1987. However, the position had since improved because the Corporation had installed its own computer system and in future the accounts would be completed in time. On an observation that return of documents to those who had paid off the loan was delayed due to non-finalization of accounts, the department stated that a proper plan had been chalked out in the light of the World Bank directives and sent after the Finance Minisry's approval to the World Bank at whose recommendation it would be implemented and hopefully the complaints would be minimized. About the write off of the loans given to widows, it was informed that such cases were being processed.

237. The Committee advised the Principal Accounting Officer to appoint a departmental inquiry committee alongwith a representative of the Auditor-General to enquire into the accounting problem of HBFC and fix responsibility for the lack of timely compilation of accounts since 1985-86. Report would be submitted to the PAC within two months.

238. *Non-recovery/adjustment of temprorary advances amountign to Rs. 2.725 million (Para 26, pages 52-53-ARPSE).*—Audit reported that temporary advance to the tune of Rs. 2.725 million given to various employees of House Building Finance Corporation during 1976-77 to 1983 were outstanding till June 1985. The department stated that most of the amount had been reconciled/adjusted and only Rs. 0.90 million were outstanding.

239. The Committee took serious note of the fact that the temporary advances were adjusted after the lapse of so much time and advised that the balance should be recovered by the next PAC meeting and a report submitted to the effect. Improvement of the accounting procedure was also stressed.

Industrial Development Bank of Pakistan

240. *Working results of IDBP (Para 248, page 185—ARPSE).*—Audit presented working results of the Industrial Development Bank of Pakistan which indicated increasing net profit during 1985-86 to 1987-88. However, Audit pointed out that after getting its accounts audited for many years by the Auditor-General's department, the management refused to entertain government audit since 1988-89 despite PAC's directive of 27-11-1989.

241. The department explained that the matter had been submitted for decision to the Prime Minister in April 1990 because IDBP being a scheduled bank was not subject to audit by the Auditor-General. The Committee observed that the Prime Minister should be informed that IDBP has been refusing government audit since 1988-89 and decision in this regard may be expedited.

(i) *Non-recovery of loan of Rs. 78.301 million (Para 27, page 54—ARPSE).*

(ii) *Expected loss of Rs. 4.637 million due to unsecured mortgage of Property (Para 28, page 55—ARPSE).*

(iii) *Expected loss of Rs. 0.974 million due to unproductive loan (Para 29, page 56-57—ARPSE).*

242. Examination of these paras was deferred by the PAC.

Investment Corporation of Pakistan

243. *Working results of the Corporation (Para 252, page 187—ARPSE).*—Presenting the working results of the Investment Corporation of Pakistan Audit reported that the Corporation was making continued profit although its profitability decreased somewhat in 1987-88 and 1988-89. The Committee expressed its satisfaction at the Corporation's performance.

National Development Finance Corporation

244. *Working results of the Corporation (Para 253, page 188—ARPSE).*—Audit reported that the Corporation's performance appeared to be satisfactory and it was making profit every year. The Committee expressed approval of the Corporation's working.

245. *Loss of Rs. 1.055 million due to an agreement with a sub-lessor (Para 30, pages 57-58-ARPSE).*—Audit pointed out that the NDFC paid 5 year's advance rent of Rs. 14,201,119 to a sub-lessor in 1984. Due to default of the sub-lessor, the landlord cancelled his lease in November, 1986 and NDFC signed a direct lease for four years with the landlord. Thus NDFC suffered a loss of Rs. 1,054,764 due to the payment of advance rent to the original lessee for the period for which his lease was subsequently cancelled by the owner.

246. The Committee observed that it indicated some negligence on the part of the Corporation. However, it was recommended that the amount may be written off.

247. *Payment of bonus to officers amounting to Rs. 0.168 million (Para 32, page 60-ARPSE).*—Payment of bonus amounting to Rs. 0.168 million to officers of the National Development Finance Corporation in violation of Finance Division's orders was reported by Audit. The Committee observed that the amount of bonus paid in clear violation of Finance Division's orders should be recovered from the officers.

248. *Irregular grant of donations of Rs. 70,000 (Para 33, page 61-ARPSE).*—Audit reported that NDFC donated Rs. 70,000 as scholarship to three artists for their training at the National Arts Council without any approval or criterion. The deaprtment stated that the amount had been approved

by the Board of Management. The Committee observed that the Ministry's approval may also be solicited.

Pakistan Security Printing Corporation (Pvt.) Limited

249. *Working result of the Corporation (Para 257, page 189-ARPSE).*—Presenting the working results of Pakistan Security Printing Corporation, Audit pointed out that the Corporation's profit had declined in the last three years from Rs. 36 million in 1986-87 to Rs. 18 million in 1988-89.

250. The department explained that out of the operating profit about Rs. 5 million were paid to State Bank and Pakistan Post Office. Moreover, there was a difference of Rs. 5 million in the reimbursed cost of one rupee notes and if it was adjusted, the Corporations's profit would increase. Observing that the loss on account of under-compensation for the printing of one rupees notes was unrealistic, the Committee advised that the Corporation should be adequately compensated on this account.

Regional Development Finance Corporation

251. *Working results of the Corporation (Para 260, page 191-ARPSE).*—Presenting the working results of RDFC, Audit reported that the Corporation was earning steady profit since 1986-87 after sustaining a loss in 1985-86. The department informed the Committee that the area of operation of the Corporation ranged from Balochistan, Azad Kashmir, some parts of Sindh and some parts of Punjab. The Committee advised that the RDFC should pay special attention to areas like Bahawalpur, Tharparkar and Rajanpur which had recently come within its purview.

Small Business Finance Corporation

252. *Working results of the Corporation (Para 268, page 193-ARPSE).*—Audit presented working results of Small Business Finance Corporation which indicated a steady trend of profitability during 1986 to 1988. Regarding its activities, the department stated that it provided loans to unemployed educated youth, small industries, cottage industries and others. The Committee observed that special attention may be paid to recoveries.

State Bank of Pakistan

253. *Working results of SBP (Para 271, page 195-ARPSE).*—Audit reported that a position of dwindling profits emerged from the working results of the Bank. The profit had decreased from Rs. 2460 million in 1986-87 to Rs. 150 million in 1988-89. The department stated that this was caused because the country's foreign exchange reserves were low and the rupee was depreciating every year. In case of foreign currency loans, interest was paid at the prevailing market rate with considerable impact. This difference in exchange rate kept multiplying due to devaluation of the rupee. National reserves prior to 1985-86 were two billion dollars but these were reduced to 500 million dollars while borrowing abroad increased from 800 million dollars to 1800 million dollars. This had resulted in increased liability on account of interest charges. The impact was further accentuated by the deregulated import policy which encouraged use of more foreign exchange. The deficit financing during 1988-89 had touched the level or Rs. 13 billion and had caused a current account deficit with further decline in reserves. The Committee observed that the trend was very dangerous and advised that strenuous efforts be undertaken to ameliorate the position.

254. *Loss of Rs. 1331.152 million on forward business in foreign exchange (Para 34, pages 61-62-ARPSE).*—Audit reported that State Bank of Pakistan suffered losses of Rs. 644.368 million in 1983-84 and 1984-85 and Rs. 686.784 million in 1985-86 and 1986-87 against a nominal profit of Rs. 46.961 million in 1987-88. Responsibility for this performance was attributed to the protection extended to foreign trade against currency fluctuations through agent banks provided cover by the State Bank.

255. The department explained that the loss occurred because when the forward contracts were made, they were made at certain rates while during the subsequent six months the rate could fluctuate in view of depreciation of rupee and under the existing policy, State Bank had to pick up the differential and to suffer the loss. The Committee observed that in the given situation, the Bank authorities could not control the position. The para was settled.

PERFORMANCE EVALUATION OF PUBLIC ENTERPRISES (VOL-IX-A-1989)

256. *Performance Evaluation Report on Federal Bank for Cooperatives, Islamabad (Paras 1.1. to 8.3, pages 76—97 PEPE).*—In the performance evaluation report on Federal Bank for Cooperatives, Audit reported that out of about 46,000 Cooperative Societies connected with the agricultural sector in the country, about 35,000 are affiliated with the Bank. The Bank had developed MIS and phased out its implementation with a view to eliminating fake and one man societies registered by the respective Provincial Cooperative Departments. Total disbursement by the Bank since its inception in 1976 aggregated to Rs. 15.322 million in 1986-87 as a result of a scheme introduced by the government in 1979 to provide loans to small farmers while interest/mark-up on such loans was subsidized by the State Bank through budgetary allocations. But neither the provincial cooperative banks nor the societies were able to fund even a portion of incremental loans till 1988-89 and continued to depend entirely on FBC. As a result of withdrawal of subsidy from 1988-89, disbursements declined to Rs. 2.638 million in 1989 against Rs. 3.000 million in 1988. Thus net credit expansion in the cooperative sector remained limited and the Bank could not achieve its objective of regulating cooperative business.

257. Research in the problems of rural credit at grassroot level and development of special cooperative projects by FBC remained neglected due to duality of control of provincial departments and the Bank over the cooperative institutions. Instead of developing special cooperatives as envisaged in its charter, the Bank established a subsidiary under the name of Agricultural Marketing and Storage Limited. Its unsuccessful operations caused complete erosion of its equity and a substantial portion of loans advanced to it by the Bank was considered doutful. Prior to April 1985, margin between relenting to PCBs and borrowing from SBP by the Bank was 1% while Bank's funds comprising its capital and reservers attracted interest *at the rate of* 7% on lending to PCBs. Under Islamic banking system, service charges ranged between 1.3% and 1.4% on all lendings during 1985—88. Therefor, profitability and reserves of Bank registered a downward trend. In June 1988, scheme of cost free loaning was reviewed, thereby providing mark up of 10% on all short term loans. The spread on relenting of 8.6% was being shared by PCBs and the cooperative societies in the ratio of 7.3 respectively. However, no cushion was available to the Bank since April 1, 1985 which had handicapped it as regards funding of development schemes and to provide technical and financial assistance. Some other causes of declining profitability were provision for bad and doutful debts, loss of interest income on loans stuck up with AMSL and non-viable investments made out of Bank's funds. Audit recommended restructuring of PCB Boards, clearing of accounts receivable, elimination of non-viable cooperative societies, decision on the future of loss incurring subsidiary (AMSL), implementation of a promotion policy and allocation of available spread among the Bank, PCBs and cooperative societies in an equitable manner.

258. The department stated that basically cooperative societies were a provincial subject and were controlled by the provincial governments and performance of the Bank had remained satisfactory when viewed in this context. Two or three recommendations of the report were well taken and the Bank was in the process of formulating procedures and institutions to try and reduce loaning to the minimum. The Board of Directors was aware of it and letters had been written to the Chief Executives of provinces in this regard. The pace of recovery had improved and was satisfactory.

259. The Committee formed a Sub-Committee comprising Sardar Ashiq Muhammad Khan Mazari, MNA and Syed Parvez Ali Shah Jillani, Minister of State for Youth Affairs, to examine the working of the Bank in the light of the report and make recommendations for improvement. The Sub-Committee was advised to submit its report within two months.

ACTIONABLE POINTS 1985-86 AND 1986-87

260. Audit reported that out of 13 actionable points pertaining to 1985-86 and 1986-87, 12 had been complied with and the one remaining pertained to IDBP which would be taken up after the Prime Minister's decision regarding audit of IDBP. The Committee expressed its satisfaction at this progress.

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

262. The Committee then adjourned to meet against at 10.00 A.M. on Tuesday, the 17th July, 1990.

KHAN AHMAD GORAYA,
Secretary General.

Islamabad, the 10th December, 1992.

NATIONAL ASSEMBLY SECRETARIAT

Tuesday, the 17th July, 1990.
Seventh Sitting (PAC)

263. The Public Accounts Committee assembled at 10.00 A.M. in Committee Room No. 2 of the Parliament House, Islamabad to continue the examination of the Federal Government Accounts for 1987-88. The following members attended the meeting:—

Public Accounts Committee:

1.	Mr. Hakim Ali Zardari, MNA.	*Chairman.*
2.	Dr. Mehboob-ur-Rehman, Minister of State for Food and Agriculture.	*Member.*
3.	Sardar Muhammad Muqeem Khan Khoso, MNA.	*Member.*
4.	Syed Muhammad Aslam, MNA.	*Member.*
5.	Sardar Ashiq Muhammad Khan Mazari, MNA.	*Member.*
6.	Ch. Nisar Ali Khan, MNA.	*Member.*

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Secretary.
2. Mr. Javaid Akhtar Sheikh, Joint Secretary (Admn.)
3. Mr. Arif Mansur, Deputy Secretary (PAC).
4. Mr. Mulazim Hussain Kazmi, Officer on Special Duty (PAC).

Audit:

1. Syed Iftikhar Shabbir, Auditor-General of Pakistan.
2. Mr. M. A. Lodhi, Deputy Auditor-General (CA&E).
3. Sh. Muhammad Sadiq, Accountant General Pakistan Revenues.
4. Syed Mujahid Hussain, Director General (Govt. Audit).
5. Mr. Zulqarnain Qureshi, Director General Audit (Federal Government).
6. Mr. Nisar Alam, Director General (Commercial Audit).
7. Mr. Shakeel Ahmed, Director General (PEC).
8. Mr. S. T. Rehman, Director General, Audit & Accounts Works.

Ministry of Finance:

1. Mr. Tanwir Ali Agha, Joint Secretary (Budget).
2. Mr. Khalid Durrani, Director General (Projects), Planning and Development Division.
3. Mr. Ahmad Shamsul Huda, FA (Kashmir Affairs, Wafaqi Mohtasib and Women's Development).
4. Mr. Naveed Hasan, FA (Tourism).

264. *Accounts Examined.*—Accounts pertaining to the following Ministries/Divisions were examined by the Committee during the meeting:—

1. Wafaqi Mohtasib Secretariat.
2. Toursim Division.
3. Kashmir Affairs and Northern Affairs Division.
4. Women's Division.

WAFAQI MOHTASIB SECRETARIAT

265. The Committee took up for its examination, the Appropriation Accounts, pertaining to the Wafaqai Mohtasib Secretariat. The following departmental representatives were present:—

1. Mr. Mansoor Kazim, Secretary.
2. Mr. S. Q. H. Zahidi, Adviser.

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

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I — 1987-88)

267. *Appropriation Wafaqi Mohtasib (Page 392-AA).*—There was a saving of Rs. 4,302,864 in this appropriation. Rs. 4,300,000 were surrendered, leaving net saving of Rs. 2,864. The Committee did not make any observation.

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

TOURISM DIVISION

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

1. Khawaja Shahid Hosain, Secretary.
2. Mr. Mujahid Agha, Joint Secretary/Managing Director.
3. Mr. Ayaz Rashdi, Managing Director (PTDC).
4. Mr. Shah Alam Khan, Economic Analyst.
5. Mr. S. A. H. Bukhari, Section Officer (F&A).

270. This Division controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Tourism Division.	28
2.	Development Expenditure of Tourism Division.	146

APPROPRIATION ACCOUNTS (CIVIL) VOL. I — 1987-88)

271. *Grant No. 28—Tourism Division (Page 117-AA).*—The grant closed with a saving of Rs. 788,208 out of which Rs. 706,761 were surrendered. Thus there was a net saving of Rs. 81,447 in the grant. The Committee offered no comment.

272. *Grant No. 146—Development Expenditure of Tourism Division (Page 119-AA).*—Rs. 15,910,000 were surrendered against a saving of Rs. 15,909,597. The Committee made no observation.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL-VIII-1987-88)

273. *Non-recovery of mobilization/secured advances amounting to Rs. 1512 million (Para 10, page 33-ARPSE).*—The para which pertained to Malam Jabba Resort Limited was not discussed as a performance audit report was to be presented in the meeting on the project.

274. *Overpayment of Rs. 228,953 to a contractor (Para 11, pages 33-34 ARPSE).*—Audit reported that PTDC had made overpayment of Rs.228,953 to a contractor and his security deposit was also refunded. The case came up for discussion before the PAC on 5-1-1987 and 9-5-1987 also and the Committee had directed that disciplinary action should be taken.

275. The department stated that disciplinary action had already been taken against the Project Engineer, Chief Engineer and the manager all of whom had been dismissed on 31st January, 1982. The matter had since been taken to court by the persons involved and the contractor. The Committee advised Audit to verify the position.

Malam Jabba Resort Limited

276. *Working results of the Project (Paras 149 & 150, page 149—ARPSE).*—Working results of Malam Jabba Resort Ltd. were not taken up in view of the Performance Audit Report to be presented in the meeting.

Pakistan Institute of Tourism and Hotel Management

277. *Working results of PITHM (Paras 160 & 161, page 152—ARPSE).*—Audit presented working results of the Institute which indicated that its income was much less than its expenditure and the gap was met from Government grant and interest received on development funds. The institute received grant/contribution for construction of its building during 1983-84 to 1986-87. The construction work had not yet been started and unspent balance amounting to Rs.4.487 million had been refunded to Government.

278. The department stated that the building was delayed due to problems in designing of building and dispute over land with KDA. Although the dispute had since been resolved, the construction could not start for want of funds. The Institute continued to function in hired premises and the foreign aid could not be utilized due to non-availability of a permament building. Audit pointed out that Rs. 4.5 million were kept for some years and then refunded to Government. The department acknowledged that the funds were retained and then refunded in view of the dispute with KDA but negligence on the part of the Institute could not be ruled out. Now it was being considered to develop it on self-financing basis. The Committee advised that the possibility of entering into a joint venture with the private sector might be explored.

AUDIT REPORT (CIVIL) (VOL. I — 1987-88)

279. *Performance Audit Report on Malam Jabba Resort Limited (Paras 1 to 6.7.1, pages 39—49—AR).*—It was pointed out in the performence audit report that three PC-Is proposing the construction of an 80-Room 4-Star hotel were prepared in 1965 (Rs.9.17 million), 1979 (Rs. 44.17 million) and 1987 (Rs. 120 million). In April 1980 Malam Jabba Resort Limited was established and contract for civil works was awarded to a company for Rs.38 million to be completed in two years. Works started in April 1980, but in 1981 it was decided not to build a hotel but a restaurant and skiing facilities on the recommendations of a feasibility study. Work was stopped by the contractor in August 1981. In March 1983 a second contractor was nominated to complete the project in 8 month but still the

work could not be completed till 1985 when the management again decided to construct a hotel as originally planned without carrying out any revised feasibility study. The work, scheduled to be completed in October 1986, was actually completed in 1989. The project was finally completed with a delay of 20 years. The revised 1987 PC-I estimates of Rs. 113 million showed a cost overrun of 1200% over the 1965 and 170% over the 1971 estimates. The feasibility report itself had ruled out the financial viability of a hotel. The project was not planned properly and underwent two major changes resulting in long delays, cost escalation and wastage of resources. Contracts were awarded without open tender, mobilization advances were given and penalties were not imposed in case of delay. A consultant was appointed without open tendering, who got Rs. 1.29 million without fulfilling his contractual obligations.

280. The Committee first desired to know why the Planning Division approved the PC-I without feasibility study. The representative of Planning Division stated that there was no condition of feasibility study when this project was approved. The Committee observed that it was strange that such huge projects were approved by the Planning Division and ECNEC without any feasibility study.

281. Regarding the project, the department stated that the project underwent several changes and long spells of non-implementation due to varying approaches of five consecutive Governments. The decision to cut back to a restaurant was taken without sufficient consideration as it was under pressure from the Austrian Government, who were providing financial assistance for the project, that the hotel component was included in the project. Accordingly the hotel was retsored in 1985. The Ministry got the project executed through the PTDC who had got a site engineer but the project was completed by the Ministry between August 1985 and December 1988. After completion, negotiations were on to give it to the private sector. Most of the irregularities occurred when the project was being handled by the ASL under PIA not directly under the Ministry.

282. The Committee decided to form a two member Sub-Committee comprising Dr. Mahboob-ur-Rehman, Minister of State for Food and Agriculutre and Sardar Muhammad Muqeem Khan Khoso, MNA to examine the affairs of the project and submit report in two months.

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

KASHMIR AFFAIRS & NORTHERN AFFAIRS DIVISION

284. The Committee took up for its examination, the Appropriation Accounts, Audit Report etc. pertaining to the Kashmir Affairs and Northern Affairs Division. The following departmental representatives were present:—

1. Mr. Safdar Hussain Kazmi, Secretary.
2. Mr. Zafarullah Khan, Deputy Secretary.
3. Mr. M. Shaukat Mufti, Section Officer (F&A).
4. Mr. M. Afzal Aziz, Accounts Officer.
5. Mr. Qurban Jan, Secretary Finance (NA).
6. Col. Abdul Aziz, Director Education (NA).
7. Ch. Zafarullah, Director Civil Supplies (NA).
8. Brig. Riaz Ahmed Riaz, Chief Engineer (NA) (PWD).

285. This Division controlled the following grants:—

S. No.	Name of Grant.	Grant No.
1.	Kashmir Affairs and Northern Affairs Division.	126
2.	Northern Areas.	127
3.	Federal Government Educational Institutions in Northern Areas.	128
4.	Other Expenditure of Kashmir Affairs and Northern Affairs Division.	129
5.	Capital Outlay on Purchase by Kashmir Affairs and Northern Affairs Division.	134
6.	Development Expenditure of Kashmir Affairs and Northern Affairs Division.	171

APPROPRIATION ACCOUNTS (CIVIL (VOL. I — 1987-88)

286. *Grant No. 126—Kashmir Affairs & Northern Affairs Division (Page 368-AA).*—There was a saving of Rs. 90,606 in the grant against which Rs. 93,000 were surrendered, causing an excess of Rs. 2,394. The Committee made no comment.

287. *Grant No. 127—Northern Areas (Page 369-AA).*—The saving of Rs. 563,378 did not elicit any observation from the Committee.

288. *Grant No. 128—Federal Government Educational Institutions in Northern Areas (Page 370-AA).*—The grant closed with an excess of Rs. 4,062,450. The Principal Accounting Officer explained that the excess was incurred on pay and allowances. On being pointed out that the grant had showed an excess during 1986-87 as well and the Ministry had been advised to coordinate with the Finance Division to avoid excess, the Committee asked the viewpoint of Finance Division, who submitted that the excess could have been avoided with better financial management and realisitic demand for supplementary grant. The Committee recommended regularization of the excess.

289. *Grant No. 129—Other Expenditure of Kashmir Affairs & Northern Affairs Division (Page 371-AA).*—The grant registered a saving of Rs. 1,515,155. Rs. 2,975,000 were surrendered, resulting in excess of Rs. 1,459,845. The Committee made no observation.

290. *Grant No. 134-Capital Outlay on Purchases by Kashmir Affairs and Northern Affairs Division (Page 372-AA).*—There was a net saving of Rs. 1,385,248 after the surrender of Rs. 3,609,000. The Principal Accounting Officer contended that the whole amount of saving had been surrendered on 18-4-1988. The Committee advised Audit to verify the position.

291. *Grant No. 171-Development Expenditure of Kashmir Affairs and Norther Affairs Division (Page 374-AA).*—The grant showed a saving of Rs. 2,386,239. The Committee did not accept the Ministry's explanation that the saving was nominal and stressed that all the saving must be surrendered in time, irrespective of the amount or percentage involved.

AUDIT REPORT (CIVIL) (VOL. I — 1987-88)

292. *Loss due to shortage of food-stuff — Rs. 977,370 (Para 1 (i), page 166-AR).*—Audit reported that food-stuff worth Rs. 977,370 was found short in Civil Supply Depots Northern Areas. The Ministry had stated that shortages worth Rs. 4,637 were due to natural causes, Rs. 18,896 had been recovered and the balance amount Rs. 953,837 was still recoverable.

293. The Principal Accounting Officer intimated that of the balance amount, a case for the amount of Rs. 233,000 was sub-judice while 4 cases amounting to Rs. 700,000 had been sent to the Collector for verification and recovery action would be initiated after verification. He also informed that the Ministry had succeeded in improving its system and cases of shortage had been minimized.

294. The Committee advised the Principal Accounting Officer to constitute a departmental inquiry committee to pinpoint the officers responsible for the shortage and intimate results to the Committee within three months.

295. *Loss due to shortage of empty gunny bags valuing Rs. 112,170 (Para 1(ii), page 166-AR).*—Audit pointed out that gunny bags worth Rs. 112,170 were found short during physical verification and as informed by the Ministry, the case had been referred to the Collector for effecting recovery.

296. The Committee agreed to the proposal of the Principal Accounting Officer that this case would also be taken up by the departmental inquiry committee and report submitted within three months.

297. *Irregular retention of demonetized currency notes worth Rs. 345,185 (Para 2, page 166-AR).*—Audit reported that demonetized currency notes worth Rs. 345,185 were lying in Sub-Treasury Astore since 1973. The Ministry stated that the write-off action was in process. The Committee advised that the amount may be written off expeditiously.

298. *Misappropriation of Rs. 31,625 on account of land compensation (Para 3, page 166-AR).*—A case of misappropriation of Rs. 89,968 as difference between the amount drawn from the bank for award of land compensation to owners and the amount actually disbursed for land acquired for installation of a hydel station was reported by Audit.

299. The Ministry stated that a sum of Rs. 58,343 was refunded by the officer but the balance amount was not owned by him. The Committee advised that the amount be written off.

AUDIT REPORT (CIVIL WORKS) (VOL. II — 1987-88)

Northern Area Public Works Department

300. *Misappropriation of cement by carriage contractors Rs. 805,300 (Para 11.1, pages 69-70-ARCW).*—Audit pointed out that no security other than the usual earnest money and deduction of 10% from running payments was provided in the agreement executed with carriage contractors to guarantee delivery of material handed over to them. In three cases contractors did not deliver material worth Rs. 805,328 to the department after receiving it from the factories. There was no monitoring system to ensure full receipt of stores. The Ministry had informed that a case for Rs. 282,781 had been lodged with the police but there had been no headway.

301. The Committee advised that in such cases departmental inquiry must always be held to determine whether somebody from the department was involved or not. The Ministery was asked to entrust this case also to the departmental inquiry committee formed to investigate Para 1(i), which was advised to submit its report in three months. Improvement of monitoring system and obtaining security/bank guarantee from contractors was also stressed.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII — 1987-88)

Northern Areas Transport Corporation (Pvt.) Limited

302. *Working resutls of NATCO (Paras 384 & 387, page 252-ARPSE).*—Audit pointed out that a comprehensive performance audit report about Northern Areas Transport Corporation had

already been presented in March 1990 and the Committee had given the directive to maximize the profits and minimize the losses. So, there was no need to take up the working results of the Corporation. The Committee agreed to the proposal.

ACTIONABLE POINTS 1986-87

303. Audit reported that the Ministry had complied with the PAC directives conveyed in the actionable points for 1985-86 while some points for 1986-87 were still outstanding which they brought to the Committee's notice.

304. *Grant No. 128-Other Expenditure of Kashmir Affairs and Northern Affairs Division (Item 2-AP-86-87).*—The Committee had directed adoption of an improved procedure for assessment and budgeting by both the Kashmir Affairs and Northern Affairs Division and Finance Division in view of the excess of Rs. 118 million. The Ministry stated that they were taking steps to improve the system. The Committee advised that the action in this regard be expedited.

305. *Grant No. 172—Development Expenditure of Kashmir Affairs and Northern Affairs Division (Item 3-AP-86-87).*—PAC had directed Audit to verify the actual saving against this grant. Audit reported that it had verified that saving actually came to Rs. 6,370,241. The Committee settled the para.

306. *Non-recovery of electricity charges—Rs. 2,417,798 (Para 10.1-ARCW-Item 4-AP-86-87).*—The Committee had directed that efforts should be made on priority basis to install 23 available generators and the new scheme about procurement of additional 32 generators should be shelved. In this connection, the Minister for States & Frontier Regions and Kashmir Affairs had sent a D.O. letter to the Chairman, PAC explaining the position. The Committee discussed the matter and decided not to press its earlier directive.

307. *Irregular purchase of a jeep Rs. 285,000 (Para 10.5-ARCW-Item 5-AP-86-87).*—The Committee had directed the Principal Accounting Officer to call for the explanation of the officer who had authorized the purchase of jeep without provision in the PC-I, allocation of funds and sanction of the competent authority.

308. The Principal Accounting Officer informed that he had called the explanation and had not found it satisfactory. Disciplinary action was being initiated against the officer which would be completed within three months and results would be communicated to the PAC.

309. *Loss of Rs. 610,800 – Non-receipt of cement (Para 10.6-ARCW-Item 6-AP-86-87).*—The Committee had advised the Principal Accounting Officer to pursue recovery of the amount of Rs. 610,800 involved in short supply of cement and report in the next meeting. Audit informed that recovery of Rs. 249,836 had been verified leaving a balance of Rs. 360,964. The Committee directed that the amount be recovered within three months and a report submitted to the PAC in the next meeting.

310. *Points not discussed to be treated as settled.*—The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Kashmir Affairs and Northern Affairs Division. These would be treated as settled subjet to any action as may be necessary under the rules.

WOMEN'S DIVISION

311. The Committee took up for its examination, the Appropriation Accounts, pertaining to the Women's Division. The following departmental representatives were present:—

1. Mr. Badruddin Zahidi, Secretary.
2. Mr. Muhammad Rafiq Alvi, F & A.O.

312. 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.	142
3.	Development Expenditure of Special Programme for women.	142-A

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I — 1987-88)

313. *Grant No. 14 – Women's Division (Page 88-AA).*—The Committee did not offer any comment on the saving of Rs. 39,602.

314. *Grant No. 142 – Development Expenditure of Women's Division (Page 89-AA).*—The grant closed with a saving of Rs. 17,721. The Committee did not make any comment.

315. *Grant No. 142-A—Development Expenditure of Special Programme for Women (Page 90-AA).*—There was a nominal saving of Rs. 1,541. The Committee made no observation.

ACTIONABLE POINTS 1985-86

316. *Item 1-AP-1985-86.*—While examining the accounts of the Women's Division for 1985-86 on 15-3-1989, the Committee had directed that all those projects of Women's Division which were budgeted through the Federal Budget but were executed by the Provinces should be audited by the Auditor-General and a report presented to the Committee.

317. Audit reported that the development expenditure of Women's Division, incurred through provinces, was audited by the respective Directors-General of Audit under the Auditor-General. The Committee advised that the reports be submitted to the Public Accounts Committees of the provinces concerned.

318. *Points not disussed to be treated as settled.*—The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Women's Division. These would be treated as settled subject to any action as may be necessary under the rules.

319. The Committee then adjourned to meet again at 10.00 A.M. on Thursday, the 19th July, 1990.

KHAN AHMAD GORAYA,
Secretary General.

Islamabad, the 10th December, 1992.

NATIONAL ASSEMBLY SECRETARIAT

Thursday, the 19th July, 1990.
Eighth Sitting (PAC)

320. The Public Accounts Committee assembled at 10.00 A.M. in Committee Room No. 2 of the Parliament House, Islamabad to continue the examination of the Federal Government Accounts for 1987-88. The following members attended the meeting:—

Public Accounts Committee:

1. Mr. Hakim Ali Zardari, MNA. *Chairman.*
2. Syed Tasneem Nawaz Gardezi, MNA. *Member.*
3. Sardar Muhammad Muqeem Khan Khoso, MNA. *Member.*
4. Syed Muhammad Aslam, MNA. *Member.*
5. Sardar Ashiq Muhammad Khan Mazari, MNA. *Member.*
6. Mr. Abdul Khaliq Khan, MNA. *Member.*

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Secretary.
2. Mr. Javaid Akhtar Sheikh, Joint Secretary (Admn.)
3. Mr. Arif Mansur, Deputy Secretary (PAC).
4. Mr. Mulazim Hussain Kazmi, Officer on Special Duty (PAC).

Audit:

1. Syed Iftikhar Shabbir, Auditor-General of Pakistan.
2. Mr. M. A. Lodhi, Deputy Auditor-General (CA&E).
3. Sh. Muhammad Sadiq, Accountant General Pakistan Revenues.
4. Syed Mujahid Hussain, Director General (Govt. Audit).
5. Mr. Zulqarnain Qureshi, Director General Audit (Federal Government).
6. Mr. Fazlur Rehman, Director General (Commercial Audit).
7. Mr. Shakeel Ahmed, Director General (PEC).

Ministry of Finance:

1. Mr. Tanwir Ali Agha, Joints Secretary (Budget).
2. Ch. Walayat Khan, Deputy Director (Projects), Planning and Development Division.
3. Mr. Ahmed Shamsul Huda, FA (PAEC, SAFRON).
4. Mr. Naveed Hasan, FA (Commerce).
5. Mr. Raza Ashraf, DFA (PAEC).

321. *Accounts Examined.*—Accounts pertaining to the following Ministry/Divisions were examined by the Committee during the meeting:—

1. Pakistan Atomic Energy Commission.
2. Ministry of Commerce.
3. States and Frontier Regions Division (Deferred Accounts).

PAKISTAN ATOMIC ENERGY COMMISSION

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

1. Mr. Munir Ahmed Khan, Chairman.
2. Mr. Bashir Ahmed Bhatty, Member (Finance).
3. Mr. Sharafat Ali Khan, Director (Audit).
4. Mr. Mushtaq Rasool Chaudhry, Director (Budget).
5. Mr. M. Khalid Mahmood, Senior Accounts Officer (Audit).
6. Syed Mazhar Imam, Senior Accounts Officer (Audit).
7. Mr. Sajjad Ahmed, Accounts Officer (B&A).
8. Mr. Tahir Javaid, Accounts Officer.
9. Mr. Mohammad Islam Khan, PE (E).
10. Mr. Manzur Elahi, Accounts Officer.

323. This Commission controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Atomic Energy.	12
2.	Capital Outlay on Development of Atomic Energy.	173

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I — 1987-88)

324. *Grant No. 12—Atomic Energy (Page 58-AA).*—The entire saving of Rs. 5,199,564 was surrendered. The Committee did not offer any comment.

325. *Grant No. 173—Capital Outlay on Development of Atomic Energy (Page 62-AA).*—Rs. 46,211,900 were surrendered out of the total saving of Rs. 46,309,712. There was a net saving of Rs. 97,812. The Committee made no observation.

AUDIT REPORT (CIVIL) (VOL. I — 1987-88)

326. *Irregular drawal of conveyance allowance (Para 1, pages 28-29-AR).*—Audit reported that the Pakistan Atomic Energy Commission paid conveyance allowance to its employees in addition to pick and drop facility which was irregular.

327. The department stated that the case had been referred to the Finance Division but they had not agreed to the Commission's view point. It was also submitted that the Commission had provided pick and drop facility to employees only from certain designated points, not from their residences and some money was charged from the employees who availed the facility. The representative of Finance Division explained that the case had not been decided in the Commission's favour as it would make a precedent for other organizations as well.

328. After discussion the Committee advised the Commission to take up the case again with the Finance Division.

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

MINISTRY OF COMMERCE

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

1. Mr. Saeed Ahmad Qureshi, Secretary.
2. Mr. Muhammad Jameel Erickzada, Joint Secretary.
3. Mr. Seerat Aly Shaykh, Deputy Secretary (F&A).
4. Dr. Arshad Malik, Chairman (CEC).
5. Mr. Ali Khan Junejo, Chairman (TCP).
6. Mr. Naseer Muhammad Shah, Chairman (RECP).
7. Mr. Shaukat Ali Sheikh, Director Finance (F&A) (PIC).
8. Mr. Iqbal M. Qureshi, Chairman (SLIC).
9. Mr. S.T.R. Zaidi, Chairman (NIC).
10. Mr. Faqir M. Khan, Chairman (PTB).
11. Mr. Saif R. Khan, Chief Controller (CCI&E).
12. Mr. A. M. Khalfe, Controller (Insurance).
13. Sheikh Inamul Haque, Vice Chairman (EPB).

331. This Ministry controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Ministry of Commerce.	16
2.	Export Promotion.	17
3.	Other Expenditure of Ministry of Commerce.	18
4.	Development Expenditure of Ministry of Commerce.	143

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I — 1987-88)

332. *Grant No. 16—Ministry of Commerce (Page 94-AA).*—This grant closed with a net saving of Rs. 1,475,930. The Committee accepted the Minsitry's explanation that the saving was caused because expenditure on establishment and commodities and services could not be incurred due to unforeseen circumstances.

333. *Grant No. 17—Export Promotion (Page 95-AA).*—There was an excess of Rs. 207,304 in the grant. The Committee recommended its regularization.

334. *Grant No. 18—Other Expenditure of Ministry of Commerce (Page 96-AA).*—The grant registered an excess of Rs. 97,618. The Committee recommended the excess for regularization through Excess Budget Statement.

335. *Grant No. 143—Development Expenditure of Ministry of Commerce (Page 97-AA).*—The grant registered a saving of Rs. 8,475,863. The Committee re-emphasized that the saving should have been surrendered.

AUDIT REPORT (CIVIL) (VOL. I — 1987-88)

336. *Non-recovery of Rs. 302,635 (Para 1, page 31-AR).*—Audit reported that Rs. 302,635 were paid during 1984-85 to foreign buyers/importers by three Pak Embassies out of the Trade Dispute Revolving Fund for malpractices committed by the Pakistani exporters. The amount could not be recovered from the Pakistani exporters. The amount could not be recovered from the Pakistani exporters because they had either no assets or had disappeared. Audit stressed efforts to recover the amount and revision of the existing procedure.

337. The Ministry informed that efforts were being made to recover the amount. Two cases were sub judice and in the third case the exporter was not traceable. The system was being made foolproof. The Committee advised that it may be kept informed regarding improvements in the procedural policy.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII — 1987-88)

Cotton Export Corporation of Pakistan (Pvt.) Ltd.

338. *Working results of the Corporaiton (Para 97, page 125-ARPSE).*—Presenting working results of Cotton Export Corporation of Pakistan, Audit pointed out that after earning profit in 1983-84, the Corporation sustained losses during 1984-85 to 1986-87. However, it again earned profit of Rs. 700,000 million in 1987-88 and Rs. 1.210 million in 1988-89.

339. The Ministry stated that irrespective of the level of international prices, the Corporation had to sustain the support price of cotton as a subsidy to farmers and this was the cause of losses and dwindling profit.

340. The Committee observed that in actual practice the benefit of subsidy was being reaped by textile mill owners instead of farmers. The working of the Corporation was viewed as unsatisfactory, and a Sub-Committee comprising Sardar Ashiq Muhammad Khan Mazari, MNA and Syed Tasneem Nawaz Gardezi, MNA was formed to examine the Corporation's affairs and submit its report within two months.

Export Credits Guarantee Scheme

341. *Working results of the Scheme (Para 101, page 127—ARPSE).*—Audit presented working results of the Export Credits Guarantee Scheme, established by the Government in 1962 under the management of National Insurance Corporation to provide cover against risk of non-realization of goods exported on credit terms and to encourage the banks to grant pre-shipment export finance by providing them cover. The Scheme showed a decline in profit from Rs.5.533 million in 1986 to Rs.1.349 million in 19888.

342. The Ministry stated that the Scheme sometimes faced difficulties in realization of the payments from the country to which the exports had been made. In 1988, an Iraqi Bank had made certain defaults but efforts were underway to recover the amount. The Cabinet had already decided to convert the Scheme into a Corporation which would help improve its performance. The Committee decided that the Sub-Committee formed to examine the affairs of Cotton Export Corporation would also consider the working of this Scheme.

National Insurance Corporation

343. *Working results of the Corporation (Para 102, page 128—ARPSE).*—Audit stated that the working results of the Corporation indicated a satisfactory performance during 1987 and 1988. The Committee offered no comments.

Pakistan Insurance Corporation

344. *Working results of the Corporation (Para 104, page 130-ARPSE).*—The Corporation also showed good performance during 1986–1988. The Committee did not make any observation.

Pakistan Tobacco Board

345. *Working results of the Board (Para 105, page 131-ARPSE).*—Audit reported that there was a constant decline in the income of the Board while there was a regular increase in expenditure. The Ministry stated that the income was declining due to decreasing tobacco consumption. However, they had already revised rate of cess on tobacco and were trying to revise it further. The Committee agreed that the revision of rates was apparently justified.

Rice Export Corporation of Pakistan Limited

346. *Working results of the Corporation (Paras 111—113, pages 133-134-ARPSE).*—Presenting working results of the Rice Export Corporation of Pakistan, Audit pointed out that profits were declining while the expenses were increasing.

347. The Ministry explained that the Corporation exported IRRI and basmati rice. There were fluctuations in the market, partly depending on the mix of rice, but the Corporation had not so far gone into loss because Basmati had sustained the impact of fluctuation. The Corporation had monopoly in the local market, but there was cut-throat competition in the international market. The prices of IRRI were going down and the Corporation had to suffer the loss. The cause of decline in sales was that India had also emerged as Basmati exporter and captured a sizeable market share in Middle East. Efforts were being made to recapture the lost market. It had recently been decided that the private sector would also be allowed to export rice.

348. The Committee observed that the Corporation might be disposed of because the private sector had been allowed to export rice. However, in order to consider all the aspects of this recommendation, a Sub-Committee comprising Sardar Muqeem Khan Khoso, MNA and Syed Muhammad Aslam, MNA, was formed which was advised to submit its report in two months.

Doaba Rice Mills Limited

349. *Working results of the Mills (Para 117, page 136-ARPSE).*—Audit reported that the Mills incurred loss of Rs. 0.436 million in 1988 and the accumulated loss stood at Rs. 13.558 million. The Ministry informed that disinvestment of the Mills had been recommended to the ECC. The Committee advised that it should be auctioned openly instead of handing over to somebody on the basis of negotiations.

Pakistan National Produce Company Limited

(i) *Loss of Rs. 0.115 million due to payment of demurrage charges (Para 6, page 29-ARPSE)—*

(ii) *Working results of the Company (Paras 122-124, pages 138-139-ARPSE)—*

350. Audit pointed out that a Sub-Committee had been formed earlier to examine the affairs of the company. The Committee nominated Sardar Muqeem Khan Khoso, MNA, to the Sub-Committee in place of Mr, Byram D. Avari, MNA and advised that report be submitted at the earliest so that a decision to dispose of the loss-making concern could be suggested.

State Life Insurance Corporation of Pakistan

351. *Working results of the Corporation (Para 126, page 140-ARPSE).*—Presenting working results of the State Life Insurance Corporation, Audit pointed out that although the performance was satisfactory, there was a need to control the increasing expenses.

352. The Committee wanted to know the future of the Corporation in view of the Government's decision to allow private sector to take up life insurance business. The Ministry informed that the Corporation would continue working. On a query regarding payment of compensation to the Pakistani companies nationalized in 1972, it was stated that the claims of the national insurance companies were processed but Article 40 of the Nationalization Order, 1972, laid down that if liabilities exceeded the assets, the directors and shareholders would have to bear the deficiency which resulted in dispute.

353. The Committee advised that a departmental negotiation committee be set up to sort out the outstanding claims of nationalized Pakistani insurance companies.

Trading Corporation of Pakistan Limited

354. *Working resutls of the Corporation (Para 132, page 142-ARPSE).*—Audit reported a decline in the profits of Trading Corporation of Pakistan due to increase in operating expenses and decrease in other income.

355. The Ministry stated that the decline was due to a cut down in the TCP's commission and a reference had been sent to the Finance Division in this regard, but the representative of Finance Division denied that any such reference had been received. The Ministry further informed that efforts were being made to increase the export activities of the Corporation, but competition with the private sector was not easy and the other Ministries were also not cooperating with TCP due to vested interests despite the PAC's earlier directive that the services of the Corporation should be fully utilized.

356. The Committee took serious note of the fact that all the imports by government departments were not being handed over to the TCP despite its earlier directive. It urged that either the services of TCP should be utilized by the Government to channelize all its major imports or it should be wound up. The Ministry was also advised to provide complete details of the trade centre opened in Jeddah with the collaboration of a Saudi national. The Finance Division was asked to send fairly senior officers to the PAC meetings for better support to the Committee.

ACTIONABLE POINTS 1985-86

Rice Export Corporation of Pakistan

357. Blocking of funds of Rs. 360.66 million due to non-disposal of rice causing heavy losses (Para 6-ARPSE-Item-2-AP-85-86).—The Committee had directed that storage facilities must be improved to avoid wastage of unexported rice. The Ministry informed that the facilites had since been improved. The Committee advised the Ministries to submit details of the improvement work.

358. *(Para 7-ARPSE-Item-3-AP-85-86).*—The Committee had given the directive that disciplinary action should be taken within three months against the officer responsible for the misappropriation of rice and gunny bags worth Rs. 10.407 million.

359. The Ministry stated that inquiry was held against two officers and one of them, who had retired from service, was held responsible. The FIA had been asked to proceed against him.

State Life Insurance Corporation of Pakistan

360. *Irregular reimbursement of medical expenses amounting to Rs. 103,730 (Para 10-ARPSE-Item-4-85-86).*—The Committee had advised expeditious recovery of the amount of Rs. 103,730 reimbursed during 1984 to the employees of State Life Insurance Corporation, Peshawar, on account of medical expenses in violation of the decision of Wage Commission Award. The Ministry informed that only an amount of Rs. 3,000 had been recovered so far. The Committee advised to quicken the pace of recovery of the outstanding amount.

Trading Corporation of Pakistan

361. *Irregular sanction of House Building Advance of Rs. 261,120 to an officer on deputation (Para 12-ARPSE-Item-5-AP-85-86).*—The Committee had issued the directive that the officer who had got a loan of Rs. 261,120 under the Corporation's House Building Advance Rules against entitlement, being a deputationist from the Federal Government, might be removed from the deputation assignment and proceeded against on charge of misconduct.

362. The Ministry informed that the officer concerned was serving in a Corporation controlled by the Ministry of Finance and that Ministry had been approached for taking action. The Additional Finance Secretary had been appointed as the Inquiry Officer and he had completed his inquiry. The Establishment Division had also been informed of the Committee's directive to remove him from his deputation but no action had been taken in this regard. The Committee advised that the Establishment Division be reminded to take necessary action and finanlize the inquiry.

ACTIONABLE POINTS 1986-87

363. *Grant No. 17-Export Promotion Bureau (Item 2-AP-86-87).*—The Committee had directed that the issue regarding accountability of expenditure relating to rebate on cotton export be clearly spelled out through discussion between Ministry of Finance and Ministry of Commerce.

364. The Ministry intimated that they had taken up the case for supplementary grant with Finance but Finance Division had not yet sanctioned the amount. The representative of Finance Division stated that the Commerce Division had not yet submitted the case properly. The Committee advised the Commerce Division to send a case for supplementary grant with the demands of supplementary budget 1990-91, so that Finance Division might approve it to regularize the excess.

365. *Grant No. 143-Development Expenditure of Ministry of Commerce (Item 3-AP-86-87).*—The Committee had issued the directive that a Committee comprising Secretary Commerce should consider the entire issue of the calendar year to be used by the aid-giving agencies instead of the Pakistani financial year, as the basis of its accounting.

366. Since no headway had been made in this regard, the Committee advised Audit and the National Assembly Secretariat to send reminders for compliance of Committee's directives and keep a record of compliance.

367. *Irregular Expenditure—Rs. 180,784 (Para 2-AR—Item 5-AP-86-87).*—The Committee had advised that the issue of taking local conditions into account in certain cases of expenditure of Rs. 180,784 by foreign missions during 1983—87 be sorted out with Finance Division and recovery expedited in other cases.

368. The Ministry stated that out of the total amount of Rs. 180,784, a sum of Rs. 95,363 had been recovered, leaving balance of Rs. 85,421. The Committee advised that the amount be written off.

369. *Recovery not effected — Rs. 46,597 (Para 5-AR-Item 6-AP-86-87).*—PAC had observed that the recovery of Rs. 46,597 outstanding against 15 officials in Commercial wings of five missions on account of utility charges etc. needed to be expedited. The Ministry informed that the entire amount had been recovered. The Committee settled the para subject to verification by Audit.

Trading Corporation of Pakistan

370. *Loss of Rs. 7.973 million in the supply of jute bags to Rice Export Corporation of Pakistan (Para 5-ARPSE, Item-8-AP-86-87).*—The Committee had directed that an Additional Secretary might be nominated to arbitrate between RECP and TCP to finalize the matter regarding withholding of Rs. 7.973 million as liquidated damages by the RECP. The Ministry stated that arbitration had been done and RECP had paid the amount. The Committee settled the para.

(i) *Infructuous expenditure on the engagement of a consultant Rs. 0.825 million (Para 6-ARPSE-Item-9-AP-86-87)—*

(ii) *Extra expenditure of Rs. 1.72 million due to high rates of commission to an agent on the export of urea to Bangladesh (Para 7 ARPSE-Item-9-AP-86-87)—*

371. The Committee had advised the Ministry to approach FIA to finalize their investigation reports in the two cases by 30th July, 1989. The Ministry submitted that the two cases were with FIA who was being reminded again and again. The Committee directed that FIA be reminded to finalize their investigations in both cases.

Cotton Export Corporation of Pakistan

372. *Investment in Finance and Trade Centre (Para 46-ARPSE-Item-12-AP-86-87).*—The Committee had given three directives in this case:—

(a) Auditor-General should immediately undertake audit of REMCO and the public sector corporations which had invested in the company should facilitate such audit.

(b) A Sub-Committee comprising Mr. Byram D. Avari, MNA (Convener) and Syed Muhammad Aslam, MNA, was appointed to look into the entire affairs of Finance and Trade Centres.

(c) The public corporations who had invested in the centre were advised to occupy the premises by 31-12-1989.

Regarding compliance of these directives, it was informed that:—

(a) Audit of REMCO had been completed by the Auditor-General's Department.

(b) The Sub-Committee pointed out that no represenatative of the Ministry was available when the members of the Sub-Committee visited the premises. So, no headway could be made.

(c) The Ministry stated that the shifting process, which was delayed due to some administrative problems, would be completed by November, 1990.

373. The Committee observed that the occupation of the building by the remaining Corporations should be ensured by November 1990. The Auditor-General was advised to submit the audit report on REMCO in the next meeting.

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

STATES AND FRONTIER REGIONS DIVISION
(Deferred Accounts)

375. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the States and Frontier Regions Division, which were deferred on 15-7-1990. The following departmental representatives were present:—

1. Mr. S. K. Mahmud, Secretary.
2. Mr. Abdul Rauf Khan, Joint Secretary (F).
3. Mr. Khumar Khan Mahsud, Joint Secretary (A).
4. Mr. M. Matiullah Khan, Joint Secretary (R).
5. Mr. Sher Akbar, Deputy Secretary (FATA).
6. Mr. Munir Ahmad, Section Office (Budget).
7. Mr. Malik Khan, Section Officer (Budget).
8. Mr. Ejaz Hussain Malik, Assistant Director (A/Cs).
9. Mr. Umardaraz Khan Lodhi, Section Officer (F&A).
10. Mr. M. Younus Khan, Secretary Finance Deptt. (NWFP).
11. Qazi Hafiz-ur-Rehman, Additional Finance Secretary (NWFP).
12. Mrs. Ali Begum, Chief (FATA DC).
13. Mr. Abdul Aziz Khan, CFC (Frontier Constabulary).
14. Col. Asadullah Khan, Chairman (FATA DC).
15. Mr. Muhammad Nazir, Executive Director Finance (FATA DC).
16. Mr. Sardar Ali Khan, Director Health Services (NWFP).
17. Col. Altaf-ur-Rehman, Director Medical Services, (Afghan Refugees, Islamabad).
18. Mr. Shafiullah Khan, Additional Commissioner (A/Cs). Afghan Refugees, Peshawar).

376. This Division controlled the following grants:—

S. No.	Name of Grants	Grant No.
1.	States and Frontier Regions Division.	118
2.	Frontier Regions.	119
3.	Frontier Constabulary.	120
4.	FATA.	121
5.	Other Expenditure of FATA.	122
6.	Maintenance Allowances to *Ex*-Rulers.	123
7.	Other Expenditure of States and Frontier Regions Divisions.	124
8.	Afghan Refugees.	125
9.	Development Expenditure of FATA.	170
10.	Capital Outlay on Development of Tribal Areas.	192

APPROPRIATION ACCOUNTS (CIVIL) (VOL. 1 — 1987-88)

377. *Grant No. 121 – Federally Administered Tribal Areas (Page 362-AA).*—There was a saving of Rs. 9,584,918 in the grant. The Committee did not make any observation.

378. *Grant No. 122 – Other Expenditure of FATA (Pages 363-364-AA).*—An excess of Rs. 14,892,123 was registered in the grant. The Committee recommended its regularization at the Ministry's explanation that it was incurred on pay and allowances.

379. *Grant No. 123 – Maintenance Allowance to Ex-Rulers (Page 365-AA).*—The nominal net saving of Rs. 200 in the grant did not attract any comment from the Committee.

380. *Grant No. 124 – Other Expenditure of States and Frontier Regions Division (Page 366-AA).*—The Committee did not offer any comment on the saving of Rs. 11,163 in the grant.

381. *Grant No. 125 – Afghan Refugees (Page 367-AA).*—There was a saving of Rs. 49,717,680 against which Rs. 57,007,692 were surrendered. The Committee made no observation.

382. *Grant No. 170 – Development Expenditure of Fererally Administered Tribal Areas (Page 373-AA).*—The grant closed with an excess of Rs. 104,104,151. Audit pointed out that the bulk of this grant was transferred by the Ministry to provincial governments who incurred the expenditure and the Ministry did not have any control. The Ministry stated that, although, the expenditure was incurred by the provincial governments, the excess occurred because originally Rs. 700 million were allocated to this grant in the ADP. Later, a cut was imposed on the ADP and the grant was reduced to Rs. 527 million. After some days the Finance Division informed that the ADP was Rs. 650 million but by that time books had been printed and the change could not be effected. As the area of FATA was under developed, development expenditure could not easily be controlled. Moreover, in view of the conditions of the region, budgetary control and audit was not easy. However, efforts were being made to improve the situation. The Committee advised that the Principal Accounting Officer should take personal interest in bringing about improvement in the system. The excess was recommended for regularization through Excess Budget Statement.

383. *Grant No. 192 – Capital Outlay on Development of Tribal Areas (Page 375-AA).*—There was no variation in the grant as the total allocation of Rs. 133,499,000 was expended. The Committee made no observation.

AUDIT REPORT (CIVIL) (VOL. I — 1987-88)

384. *Irregular Purchase of Vehicles—Rs. 671,000 (Para 2, page 163-AR).*—Audit pointed out irregular purchase of vehicles by a Political Agent for Rs. 671,000 without the approval of the competent authority. The Ministry informed that *ex-post facto* approval had been accorded. The Committee settled the para.

385. *Wasteful Expenditure of Rs. 206,841 on Construction of Bee Sheds (Para 4, page 164-AR).*—Audit reported that Rs. 206,841 were incurred on construction of bee sheds at Peshawar University which were later discarded and the expenditure was wasted. The Ministry stated that the matter was being investigated. The Committee did not make any comment.

386. *Mis-appropriation of Rs. 123,370 (Para 5, page 164-AR).*—A case of misappropriation of wood worth Rs. 123,370, purchased for construction of bee-hives was reported by Audit. The Ministry stated that the case had been entrusted to FIA. The Committee advised early completion of inquiry.

387. *Loss of Rs. 69,600 (Para 6, pages 164-165-AR).*—Audit reported loss of Rs. 69,600 by issuing uniforms to school children over and above their enrolment. The Ministry acknowledged over issue of uniforms worth Rs. 13,380 and informed that the amount had been recovered. The Committee settled the para.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII — 1987-88)

FATA Development Corporation

(i) *Blockage of fund to the extent of Rs. 579,077 due to unnecessary purchase of tubewell material (Para 83, pages 107-ARPSE)—*

(ii) *Irregular payment of Rs. 81,000 over and above the prescribed rented ceiling (Para 84, page 104-ARPSE)—*

(iii) *Audit Comments on the Corporation (Paras 782 to 835, page 406 ARPSE)—*

388. The Committee observed with reference to the above paras that if these small units could not be disposed of, the Ministry might try to operate them so that some income could be generated and employment opportunities given to the local populace. The Ministry informed that a plan of action had been chalked out and would soon be implemented.

ACTIONABLE POINTS 1985-86

389. *Grants No. 116 & 117 – Frontier Regions and Frontier Constabulary (Item 1-AP-85-86).*—The Committee had directed that the administrative Ministry and Finance Division might submit detailed explanation for the excess. Audit reported that the explanation had been received. The Committee recommended regularization of the excess.

390. *Grant No. 119 – Other Expenditure of FATA (Item 2-AP-85-86).*—PAC had advised Audit to review the departmental explanation regarding the operation of suspense account by the C & W Department of NWFP. Audit reported that since the expenditure was incurred without budget provision, it could not be regularized.

391. The Committee observed that the matter should be further discussed by the Ministry, Audit and Finance Division for proper accounting of the excess. If necessary, the excess be accommodated in the budget allocation of a subsequent year.

392. *(Para 18 – AR-1985-86, Item 3-AP-85-86).*—PAC had directed that strict action should be taken against the person responsbile for overpayment of Rs. 226,504 in a work besides pursuing decision of the Court. The Ministry informed that both the persons involved were out of the organization and the case was sub-judice.

393. *(Para 19 – AR-85-86).*—PAC had advised action against the persons responsible for loss of Rs. 202,739 due to non-recovery of bulldozer charges from a contractor. The Ministry stated that the persons involved had been charge sheeted and action was being taken under prescribed rules. Efforts are also being made for recovery of charges.

394. *(Paras 29 & 31-AR-85-86).*—PAC had directed action against the persons responsible for the loss of Rs. 136,595 and Rs. 58,760 due to doubtful adjustment and non-recovery of cost of stores. The Ministry submitted that a part of the amount (Rs. 35,000) had been recovered and recovery of balance amount was under way. The Committee advised Audit to verify the position.

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

396. The Committee thereafter adjourned *sine-die*.

KHAN AHMAD GORAYA,
Secretary General.

Islamabad, the 10th December, 1992.

NATIONAL ASSEMBLY SECRETARIAT

Wednesday, the 1st July, 1992.

Ninth Sitting (PAC)

397. The newly constituted Public Accounts Committee held its first session at 9.30 A.M. in Committee Room No. 2 of the Parliament House, Islamabad, to start examination of the left over accounts for 1987-88. The following members attended the meeting:—

Public Accounts Committee:

1. Mr. Hamza, MNA. — *Chairman.*
2. Sardar Asseff Ahmed Ali, Minister of State for Economic Affairs. — *Member.*
3. Syed Shahid Mehdi Naseem, Minister of State for Natural Resources. — *Member.*
4. Rana Tanveer Hussain, Parliamentary Secretary for Finance. — *Member.*
5. Mr. Liaqat Baluch, MNA. — *Member.*

National Assembly Secretariat:

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

Audit:

1. Mr. Muhammad Naseer Ahsan, Auditor-General of Pakistan.
2. Sh. Muhammad Sadiq, Accountant General Pakistan Revenues.
3. Mr. Khalid Rafique, Deputy Auditor-General (A&P).
4. Mr. Najm Hosain Syed, Deputy Auditor General (GA).
5. Mr. Zaheeruddin Jeddy, Deputy Auditor General (CA&E).
6. Mr. A. R. Arif, Director General (GA).
7. Mr. Irfan Hussain, Director General (Commercial Audit).
8. Mr. Niamatullah Abid, Director-General (PEC).
9. Mr. Hussain Saqib, Assistant Auditor General (GA).
10. Mrs. Tanweer Hamid, Assistant Auditor-General (A/c).

Ministry of Finance:

1. Mr. Mahmood Ahmed Lodhi, Additional Secretary.
2. Mr. Tanwir Ali Agha, Joint Secretary (Budget).

398. The day was devoted to Audit Seminar. The Auditor-General, Mr. Muhammad Naseer Ahsan, and senior officers of the Audit Department made presentations before the PAC about the working of the Auditor-General's Department, his mandate, functions and problems. Referring to various constitutional provisions, the Auditor-General gave a brief introduction about his department.

Underscoring the importance of public accountability, he highlighted the role which his department can play in this regard. He assured full cooperation to the Chairman and member of the PAC in carrying out the important task of enforcement of accountability. He observed that all over the world in democratic countries, Supreme Audit Institutions draw strength from the elected institutions and such support is necessary to make Audit effective. He dilated upon various methodologies and modern techniques of audit adopted by his department, including performance evaluation and performance audit. It was discussed that implementation of policies comes under review of Audit. For instance, it was a policy decision to privatize various public sector enterprises, but it was for Audit to review the manner in which the policy was implemented and whether the desired results were being achieved. About privatization process he informed the Committee that his department was carrying out a special study which would be presented before the PAC in due course. The Auditor-General informed the Committee that his office performs dual functions under the Constitution as he is responsible for maintaining accounts of the Federation and auditing the expenditure incurred by Ministries/Divisions. Gradually these two functions have been completely separated. He further said that two of his officers would discuss the two functions in detail.

399. The Deputy Auditor-General (Accounts and Payments), Mr. Khalid Rafique, then took the floor and described the accounting function of the Auditor-Geneal with the help of transparencies. He informed the Committee that the accounting function had been assigned to the Auditor-General under Article 168 to 171 of the Constitution as well as the Pakistan (Audit & Accounts) Order, 1973. The Committee expressed surprise that despite the lapse of 19 years, Audit Act had not been passed by the Parliament to replace the Presidential Order of 1973. The Auditor-General was advised to supply a copy of Indian Audit and Accounts Act to the Committee for a comparison of the mandate of the Indian Auditor-General with his Pakistani counterpart.

400. The Deputy Auditor-General informed the Committee that Accounting is a highly significant activity as it assists in budget making, control of expenditure, monitoring of cash flow, debt management, help in policy making and is also an instrument for legislative accountability. To perform this function, Accountant General Pakistan Revenues is responsibile for compilation of Federal Accounts and there are Accountants General in all provinces who are responsible for compilation of provincial accounts. Besides, certain large departments with departmentalized accounts perpare their own accounts. The accounts are prepared on monthly and annual basis. The Auditor-General's office had succeeded in reducing the time lag in the compilation of accounts from 10 years to a situation where there were no arrears. The time taken in preparation of monthly accounts had also been reduced. The Auditor-General had initiated a number of steps to ensure accuracy and timeliness of the accounts which have met with considerable level of success.

401. Discussing the departmentalized system of accounts the Committee was informed that accounts of Defence Services are maintained by the Military Accountant General and report of the Auditor-General on defence expenditure comes before the Committee for discussion. It was observed that this contrasts with the position whereby defence budget is not discussed in the National Assembly. The representative of Finance Division informed the Committee that in Pakistan, defence budget in certain amount of detail was presented before the National Assembly upto 1958 but ever since this practice had been stopped. The Auditor-General stated that as far as audit of defence expenditure was concerned, his department did not face any difficulty. The Committee desired that a comprehensive position paper on defence budget, with specific reference to Indian and pre-1958 Pakistan system be prepared by obtaining relevant material from Ministry of Finance and put up for Committee's consideration.

402. Later, the Director General (Government Audit), Mr. A.R. Arif, briefed the Committee about the audit function of the Auditor-General. He described the provisions of the Constitution and the Pakistan Audit and Accounts Order pertaining to audit which specified that Auditor-General is responsible for audit of all expenditure met from the revenues of the Federation, all transactions relating to debt, deposits, sinking funds, advances, suspense accounts and remittance business, all

trading, manufacturing and profit and loss accounts and balance sheets kept by order of the President, accounts of any authority or body established by the Federation and, with the approval of the President, receipts as well as stores and stocks of any department of the Federal Government. He introduced the departments under the Auditor-General responsible for conducting audit whose reports are consolidated into Auditor-General's annual report. He also expalined the process of audit, its limitations and the significance of its review by the PAC.

403. During discussion it was substantiated that the experience of *ad-hoc* PACs had demonstrated the significance of support which Audit can receive from an elected PAC. Although the *ad-hoc* PACs worked efficiently, they were not very effective in raising the level of accountability and then they did not have any impact on the departments who did not respond to them properly. Their media coverage was also insignificant. Taking note of slow response from the departments and Ministries, the Committee decided that in case a Ministry/Divisions was slow in responding to audit observations/furnishing departmental replies, the Auditor-General would report the matter to the Committee in the meeting in which the accounts of the Ministry were considered. To establish institutional continuity in the PAC work, the Committee also decided that review of compilance of decisions of earlier PACs would be emphasized as a policy. The National Asse,bly Secretariat in particular will keep the Committee informed regarding past directives.

404. The Director General (Government Audit) listed a number of irregularities which were commonly noticed in the accounts of Ministries/Divisions and briefly touched upon the techniques adopted by Audit, which include financial audit, performance audit and performance evaluation. He stated that the impact of audit was deterrence, accountability, advice to top management as well as recoveries at the instance of audit. He informed the Committee that in 1987-88 Rs. 138 million and US $ 12.539 were recovered at the instance of audit.

405. Talking about the difficulties faced by audit, he pointed out lack of resources as the basic constraint. The Committee desired that the Auditor-General may brief the Committee in detail about the resource constraints of his department.

406. The meeting ended with a mutual expression of thanks and assurances of continued cooperation.

406-A. The Committee then adjourned to meet again at 9.30 A.M. on Thursday, the 2nd July, 1992.

KHAN AHMAD GORAYA,
Secretary General.

Islamabad, the 10th December, 1992.

NATIONAL ASSEMBLY SECRETARIAT

Thursday, the 2nd July, 1992.
Tenth Sitting (PAC)

407. The Public Accounts Committee assembled at 9.30 A.M. in Committee Room No. 2 of the Parliament House, Islamabad to continue the examination of the Federal Government Accounts for 1987-88. The following members attended the meeting:—

Public Accounts Committee:

1. Mr. Hamza, MNA. — *Chairman.*
2. Sardar Asseff Ahmed Ali, Minister of State for Economic Affairs. — *Member.*
3. Syed Shahid Mehdi Naseem, Minister of State for Natural Resources. — *Member.*
4. Rana Tanveer Hussain, Parliamentary Secretary for Finance. — *Member.*
5. Mr. Liaqat Baluch, MNA. — *Member.*

National Assembly Secretariat:

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

Audit:

1. Mr. Muhammad Naseer Ahsan, Auditor-General of Pakistan.
2. Sh. Muhammad Sadiq, Accountant General Pakistan Revenue.
3. Mr. Najm Hosain Syed, Deputy Auditor General (GA).
4. Mr. Zaheeruddin Jeddy, Deputy Auditor General (CA&E).
5. Mr. A.R. Arif, Director General (GA).
6. Mr. Zulqarnain Qureshi, Director General Audit, (Defence Services).
7. Mr. Mukhtar Ahmed, Director Audit (Defence Services).
8. Mr. Khalid Sadiq, Director Audit (Defence Services).
9. Miss. Rubina Mushtaq Siddiqui, Deputy Director, (Commercial Audit).

Ministry of Finance:

1. Qazi M. Alimullah, Secretary.
2. Mr. Mahmood Ahmed Lodhi, Additional Secretary.
3. Mr. Tanwir Ali Agha, Joint Secretary (Budget).

Central Board of Revenue:

1. Mr. Sajjad Hassan, Chairman.
2. Mr. Alvi Abdul Raheem, Member (Tax Policy).
3. Mr. S. M. Yahya, Director (Research & Statistics).
4. Mr. Musheeruddin, Joint Director.

Economic Affairs Division:

1. Mr. Taufiq Fehmi, Additional Secretary.
2. Mr. Karam Din, Deputy Secretary.
3. Mr. Ahmed Hussain Malik, Director of Accounts.
4. Mr. Muhammad Yousaf, Section Officer.

State Bank of Pakistan:

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

408. Finance Accounts for 1987-88 were discussed by the Committee during the meeting.

FINANCE ACCOUNTS 1987-88

409. Finance Accounts of the Federation are compiled each year by the Auditor-General of Pakistan. Rule 172 of the Rules of Procedure and Conduct of Business in the National Assembly, 1973, specifically lays down that the annual finance accounts of the Government shall be examined by the Public Accounts Committee. In spite of this clear stipulation, the Finance accounts had never come under discussion of the Committee.

410. The meeting accordingly began with a reference to the fact that the finance accounts were coming under discussion of the Committee for the first time. It was discussed in detail as to why these accounts had never been taken up for consideration. It was generally agreed that the finance accounts had not come under discussion apparently because attention of the Committee was never drawn towards this shortcoming.

411. The Secretary-General, National Assembly Secretariat informed the Committee that the Secretariat taking note of the fact that the finance accounts have not been formally taken up on PAC agenda had suggested that annual review of accounts by the Committee should start with a review of the finance accounts. The relevant discussion would bring a comprehensive picture of the financial performance of the government before the Committee. The efforts of audit could be supplemented by acquiring services of independent economic and financial experts.

412. Introducing the compilation of finance accounts, audit observed that while the appropriation accounts bring out the position of excess/saving against individual grants, the finance accounts bring out the position regarding income, expenditure, assets and liabilities of the government. He further explained that while an analysis of financial statement of pubic enterprises was an established discipline and detailed guidelines were available to discuss performance, discussion on the financial statements of a government presented many problems. Since 1987 an attempt had been made by Auditor-General to include some analysis of the financial statements of the government and specific chapters dealing with budget implementation, control over expenditure and debts and liabilities of the Federal Government were included in the Audit Report.

413. Audit, however, felt that the issue had many basic complications. The foremost being that the parameters of discussion before PAC needed to be determined. In the absence of any available guideline audit had prepared two different types of analysis which they sought to present before the Committee for consideration and advise. The briefs and analysis of audit focused on the following aspects :—

414. The total receipts of the Federal Government were Rs. 168.95 billion against the revised estimates of Rs. 186.55 billion. The variation of Rs. 17.6 billion was substantial.

415. Although there was a nominal variation of Rs. 88 million in the total revenue receipts, there were wide variations in the break up of tax revenue and non-tax revenue. The net taxes were short collected by Rs. 10 billion whereas non-tax revenues exceeded the revised estimates by Rs. 11.114 million. There was a variation of Rs. 18.4. billion in capital receipts.

416. Revenue expenditure overshot allocations by Rs. 3.7 billion. Major excesses being in law and order, subsidies and unallocable while heavy savings of Rs. 659 million occurred in social services. Capital expenditure was less by Rs. 22.77 billion although an excess expenditure of Rs. 4 million was incurred under law and orders. In charged expenditure there was an excess of Rs. 45.8 billion. Major excess being in Repayment of Domestic Debt and Servicing of Domestic Debt.

417. In other than charged expenditure there was a saving of Rs. 9.3 billion, mainly in the grants pertaining to defence subsidies, capital outlay on purchase of food, other loans and advances by Federal Government, development expenditure of Communications, Finance Division, Special Programme, Health Division, Local Government and Rural Development, Special Development Programme of Provinces and Capital outlay on Food Storage and Other Works. Savings in development expenditure indicated lesser attention to development work. Total assets and liabilities increased from Rs. 297 billion to Rs. 330 billion.

418. Revenue receipts remained less than revenue expenditure by Rs. 44 billion which did not indicate good financing. The biggest portion of revenue expenditure was spent on debt servicing (43%) and defence (31%). Among community Services the highest share went to roads and highways (45.6%), while TV and radio consumed 15.8% and scientific research 29.4% of the total revenue expenditure.

419. In social services, education, share was 42.8% while health got a meager 13.7%. In economic services, highest consumer was transport and communications. The domestic permanent debt stood at Rs. 63.8 billion on 30-6-1988. Government paid Rs. 6.4 billion as interest *at the rate of* 10%. Receipts during the year were Rs. 35.7 billion and payments Rs. 26.8 billion.

420. The outstanding temporary loans stood at Rs. 128 billion on 30-9-1988. During the year, Government raised temporary loans of Rs. 487 billion and paid Rs. 4.4 billion as service charges. The total foreign debt stood equal to Rs. 225.3 billion on which interest of Rs. 8.3 billion was paid in 1987-88. Receipts during the year were Rs. 39 billion and payments Rs. 14 billion. Audit also pointed out that some public sector enterprises under Ministry of Finance and other Ministeries were not submitting their accounts for audit.

421. The representative of the Ministry of Finance observed that the Ministry appreciated that the overall economic policy and the performance of the government was coming for discussion before the PAC. He also welcomed that the Auditor-General was moving from a micro level analysis to a macro level analysis which would be a useful input for improving financial management. He, however, observed that the current anlaysis of Audit was strictly theoretical and had not been presented in a manner which merited detailed discussion. While responding to the various economic assessments short fall in revenue receipts, excess in cash management and debt figures, the representative of the Finance Division stressed that unless such items are discussed and analysed in detail, taking into accounts the point of view of the Ministry of Finance, the analysis would not bring the correct picture before the Committee and the discussion would not be meaningful.

422. Secretary Finance further proposed, that the analysis of Finance Accounts should preferably be in two parts. In the first part an overall review the economic management should be discussed and the type of advise which Auditor General would like to give to the Government should be brought out. The second part should focus on management of various functions like law and order or finance service with reference to the Finance Accounts.

423. The Committee observed that the discussion on finance accounts would in a way extend the existing role of the Committee since macro level review of the operation of the economy would become an important activity of the Committee. It was observed that while the government was free to adopt policies according to its discretion, review of the implementation of the polices was a very important aspect of improvement towards which the PAC discussion could contribute substantially.

424. The Committee further observed that the first analysis of the Finance Accounts as brought before the Committee had many short comings. It did not analyse the Accounts in such a manner which could have helped Member to assess the economic management of the government. There was also lack of agreement between Audit and Ministry of Finance regarding figures and indications. It was necessary that the information brought before the Committee was agreed between Audit and Ministry of Finance so that the discussion is on interpretation or results of analysis rather than correctness of figures and data.

425. The consensus in the meeting was that the overall position of economic performance should come under review of the PAC. The Auditor-General would, in future, present a well-considered financial/fiscal/economic analysis on the basis of the Finance Accounts which could assist the membrs in an over-all review of the financial affairs of the year under report. His comments/analysis would also reflect the point of view of the Ministry of Finance and other agencies concerned with the management of the economy.

426. There was detailed discussion on the issue that some organizations under Ministry of Finance were not presenting their accounts to Auditor-General for audit. The Secretary Finance explained that in these organizations government was a minority shareholder and was represented in that Board of Directors in proportion to its share holding. The Audit representative informed the PAC that this issue was also raised before the earlier Committee who had decided that these organizations may send their financial statements to audit. These statements were accordingly received but when audit wanted some further information in the light of these statements, it was refused. The Secretary Finance undertook to follow up on the audit comments on financial statements of such organizations through the government representatives in the Board of Directors of organizations in which the government was minority share holder and whose accounts were not directly auditable by the Auditor-General. The Committee further observed that the charters of organization should indicate whether their accounts will be audited by the Auditor-General or by Commercial Chartered Accountants and a comprehensive list may be maintained in this regard.

427. The Committee then adjourned to meet again at 9.30 A.M. on Saturday the 4th July, 1992.

KHAN AHMAD GORAYA,
Secretary General.

Islamabad, the 10th December, 1992,

NATIONAL ASSEMBLY SECRETARIAT

Saturday, the 4th July, 1992.
Eleventh Sitting (PAC).

428. The Public Accounts Committee assembled at 9.30 A.M. in Committee Room No. 2 of the Parliament House, Islamabad to continue the examination of the Federal Government Accounts for 1987-88. The following members attended the meeting:—

Public Accounts Committee:

1. Mr. Hamza, MNA. — *Chairman.*
2. Sardar Asseff Ahmed Ali, Minister of State for Economic Affairs. — *Member.*
3. Syed Shahid Mehdi Naseem, Minister of State for Natural Resources. — *Member.*
4. Rana Tanveer Hussain, Parliamentary Secretary for Finance. — *Member.*
5. Mr. Liaqat Baluch, MNA. — *Member.*
6. Makhdoom Shahab-ud-Din, MNA. — *Member.*

National Assembly Secretariat:

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

Audit:

1. Mr. Muhammad Naseer Ahsan, Auditor-General of Pakistan.
2. Sh. Muhammad Sadiq, Accountant General Pakistan Revenue.
3. Mr. Najm Hosain Syed, Deputy Auditor General (GA).
4. Mr. Zaheeruddin Jeddy, Deputy Auditor General (CA&E).
5. Mr. A. R. Arif, Director General (GA).
6. Mr. Shamim Haider, Director General, Audit (Federal Government).
7. Mr. Farooq A. Malik, Director General, Audit (Income Tax).
8. Mr. Ali Asghar, Director, Audit (Revenue Receipt).
9. Mr. S.M. Rafique, Deputy Director Audit.

Ministry of Finance:

1. Mr. Mahmood Ahmed Lodhi, Additional Secretary.
2. Mr. M. Ismail Maarif, FA (Interior, CBR).
3. Mr. Yawar Zia, Deputy Secretary (Exp-I).

429. *Accounts Examined.*—Accounts pertaining to the following Divisions were examined by the Committee during the meeting:—

1. Central Board of Revenue.
2. Interior Division.
3. Narcotics Control Division.

CENTRAL BOARD OF REVENUE

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

1. Mr. Sajjad Hassan, Chairman.
2. Mr. Saghir Asad Hasan, Member (GST).
3. Mr. Mumtaz Ali, Member (CE/CUS).
4. Mr. Iqbal Farid, Member (IT).
5. Mr. Shahid Bashir, Chief (CE).
6. Mr. Abdul Wadood Khan, Chief (GST).
7. Mr. M. Shaban Uppal, Secretary (Admn).
8. Ch. Muhammad Azam, Secretary (ACE).
9. Mr. Khalid Naseem, Secretary (Cus-III).
10. Mr. Abrar Ahmed Khan, Secretary (CE).
11. Mr. S. A. Alam, Secretary (ST/GST).
12. Mr. Musheeruddin, Joint Director.
13. Mr. S.M. Yahya, Director, (DR&S).
14. Ch. N.K. Khalid, Accounts Officer.

General

431. With the Chair's permission the Auditor-General informed the Committee that audit of indirect taxes which under the Constitution could be taken up, if so required by the President, was undertaken in 1972 and has remained limited to 10% of the revenue collection due to paucity of resources. During 1987-88, recoveries amounting to Rs. 611 million were pointed out. The CBR accepted recovery of Rs. 546.5 million and the major amount had been recovered. Besides, audit also analyzed rules and regulation of CBR and some changes were made in response to its recommendations.

432. He further stated that in pursuance of the Presidential Order, Auditor-General took up the audit of direct taxes despite lack of resources and experienced personnel. He expressed gratitude to the Revenue Division for cooperation extended and expertise made available to his department to take up the technical assignment. The Audito-General informed the Committee that the efforts of his department have demonstrated that audit had a highly beneficial and effective impact on the recovery of revenues.

433. The Committee then proceeded to discuss the following grants controlled by Central Board of Revenue.

S. No.	Name of Grant.	Grant No.
1.	Central Board of Revenue	46
2.	Sea Customs	47
3.	Land Customs and Central Excise	48
4.	Taxes on Income and Corporation Tax	49

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I — 1987-88)

434. *Grant No. 46-Central Board of Revenue (Page 144-AA).*—The grant closed with a saving of Rs.1,363,038, while an amount of Rs.2,485,000 was surrended. The Committee made no observation.

435. *Grant No.47—Sea Customs (Page 145-AA).*—There was an excess of RS.536,996 in the grant. It was explained that the excess was due to revision of Pay Scales. The Committee recommended regularization of excess through Excess Budget Statement.

436. *Grant No. 48 — Land Customs and Central Excise (Page 146-AA).*—There was an excess of Rs.14,595,598 in the grant. The departmental representative stated that the excess was due to 10% economy cut imposed by the Ministry of Finance. The Committee observed that the view of cut imposed by the government the department should have limited that expenditure within the allocated budget. The CBR representative argued that the amount was required in view of pay increase of staff and operational requirement of a revenue generating department. The Finance Division informed the Committee that the excess was far less than the supplementary grant requested by the department which was refused in view of the expenditure position at the time of request. The Committee recommended the excess may be regularized but observed that the manner in which excess had been registered was not indicative of good financial control.

437. *Grant No. 49—Taxes on Income and Corporation Tax (Page 147-AA).*—The grant showed an excess of Rs. 17,884,653. The departmental representative explained again that the excess was due to economy cut and the Finance Division had refused to give supplementary grant. The representative of Finance Division clarified that the cut was imposed on all Ministries/Divisions and it should have been observed. In any case the final expenditure had exceed the amount originally demanded by the CBR so the argument that cut imposed by the government had resulted in the excess was irrelevant.

438. On being quarried as to know how payments in excess of the budget are made. The AGPR explained that tenders procedure was based on funds availability as assessed by the executive while some items are procured through Director General, Industry Supplies, whose debits are accommodated by AGPR *ex post facto*. AGPR also informed the Committee that he monitors grants and issues warnings to Ministries regarding their expenditure on a regular basis. The Committee observed that continued excess over budget indicated that no importance was given to financial control exercised either through Ministries internal mechanism. The AGPR was advised to tighten his control on payments in excess of allocations.

439. The Committee further observed that Revenue Division being part and parcel of the Ministry of Finance was expected to exercise better financial discipline. The Committee also desired that it may be conveyed to all Ministries that whenever the government imposed budgetary cut in view of adverse ways and means position, the Ministries should try to live within the given resources. The excess was recommended for regularization subject to recorded displeasure.

440. *Recovery in contravention cases and adjudication cases (Para 2.7, pages 13-14-ARRR).*— Audit pointed out 193 cases involving revenue of Rs. 104 million were pending decision with various departmental authorities for periods ranging from one to six years. The latest position was that 152 cases had been decided but 41 cases involving Rs.84 million were still pending.

441. The departmental representative took the stand that these being adjudication cases, before final decision by competent authority it could not be stated that recovery of revenue was involved or not. Audit observed that while this argument had merit, it also needed to be kept in view that the figures were based on audit of only seven out of 67 circles therefore the overall requirement was to expedite such cases which involved revenue worth millions of rupees.

442. It was also observed that during examination of the previous report, the Committee had desired that such cases should be decided in one year and the CBR had undertaken to finalize such cases by 31st December 1989, but apparently no serious headway had been made. While advising the Principal Accounting Officer to expedite necessary action, the Committee directed the National Assembly Secretariat to follow-up on compliance of PAC directives.

443. *Evasion of customs dues and inadmissible export rebates aggregating—Rs.26,542,328 (Para 3.2, pages 16—18—ARRR).*—Audit reported that some exporters had evaded customs duty worth Rs. 5 million and had also availed inadmissible export rebate of Rs. 21,376,128. Bank guarantee given by the exporters had been cancelled and CBR had stated that the cases were sub-judice. Audit pointed out that even if cases were to be decided in favour of CBR, recovery would not be easy in absence of bank guarantee being available with the department.

444. The Department explained that the cases were under adjudication. Some had been decided while others were under process. It was also assured that it would not be difficult to recover the money from exporters if the cases were decided against them. The Committee advised that decisions in such cases should be expedited.

445. *Short recovery due to application of incorrect rates—Rs.4,224,079 (Para 4-A-I (a), page 21-ARRR).*—Audit pointed out that customs duty on certain goods had been realized at a lower rate by manipulating dates of effect of orders of change in duty rates. Although the field office had accepted Audit's contention, the department had replied that the matter was sub-judice. The department submitted that they would try to expedite the court cases. The Committee deferred the para till the next meeting.

446. *Short realization of revenue due to under-valuation—Rs.827,448 (Para 4-A-2(a), page 22-ARRR).*—Audit informed that under-valuation of imported vehicles and short realization of Rs. 351,000 had been admitted by the department and in two cases and it had been established that assessment was made on fake documents. The department stated that they were trying to recover the amount and the recovery process had also been improved.

447. The Committee emphasized the need to take action against the person responsible for such fraud so that it acts as a deterrence for others. The Chariman CBR informed that benefit of doubt had been given to the official who reportedly had taken the action in good faith, however, he would re-examine the case and take action if personal responsibility for loss of review was established. The Committee directed that report may be submitted within three months.

448. *Short realization of government revenue due to under-valuation — Rs.605,703 (Para 4-A-2-(b), page 22-ARRR).*—Audit reported that smuggled cloth was confiscated and later released without imposing import duty at correct rate. On being pointed out by audit, the Department initiated action to recover the balance amount of duty, but the correct address of the person involved was not provided to the local authorities and the entire exercise turned out to be non-productive.

449. The Committee directed the CBR to expedite the recovery and also intimate the action taken against the person responsible for giving wrong address to the authorities.

450. *Losses due to unlawful exemption — Rs.4,779,909 (Para 4-A-3, page 24-ARRR).*—Audit pointed out that an automatic cone winding machine was exempted from customs duty despite the fact that such machines were also produced locally. The department had contested the observation on the plea that the exemption was covered by rules but the Collector Karachi had confirmed Audit's point of view in de novo consideration.

451. The departmental representative stated that he was not aware of the Collector's decision. The Committee directed that the matter may be resolved between Audit and CBR and report submitted.

452. The para was deferred till the next meeting of PAC.

453. *Evasion of customs duty (Para 4-B, pages 24-25-ARRR).*—Audit informed the Committee that decision to clear ships imported for breaking on payment of 50% of the recoverable duty had resulted in short payments which had increased to Rs. 25 million.

454. The department explained that in view of the unique nature of ship breaking industry, it was decided to receive 50% of duty at the time of bill of entry to save importers from hardships. He further informed that according to his record, which could be produced to audit, all recoverable amount had been recovered. It was observed that one issue of specific importance was whether decision to clear ships after payment of 50% duty was taken by competent Authority.

455. The Committee decided that Audit, Finance and CBR may investigate jointly weather the decision was taken at proper level and the provisions of law were not violated. The Principal Accounting Officer was advised to appoint a Committee in consultation with Audit and Finance.

456. *Non-levy of central excise duty Rs. 2,587,010 (Para 5-A (b), page 29-ARRR).*—Audit reported that central excise duty was not charged on the production and use of glazes. The cases for recovery were under consideration. The Committee directed that recovery of Government dues may be expedited.

457. *Non-realization of central excise duty and additional duty — Rs. 208,750 (Para 5. C (A), pages 32-33-ARRR).*—Audit pointed out non-recover of capacity duty and additional duty from electric fan manufacturers. Bank guarantees were also not obtained.

458. The Department explained that since fans were produced at cottage industry level, it was not possible to recover the tax from each and every manufacturer working in remote areas and some cases of non-recovery were unavoidable.

459. The Committee accepted the explanation that non-realization was due to procedural difficulties and settled the para but observed that bank guarantees should have been obtained as required under the rules.

460. *Non-levy of sales tax—Rs. 2,971,697 (Para 6.1 (d), page 37-ARRR).*—Audit reported that he department had adjudged an amount of Rs. 2,450,302 to be recoverable in monthly installments of Rs. 50,000 from a manufacturer, but except recovery of Rs. 50,000 in March 1991, no further progress had been intimated to them. The department informed that Rs. 750,000 had been recovered while remaining was being recovered in monthly instalments. The Committee directed that the balance recovery may also be expedited and audit kept informed of the progress for verification.

461. *Non-levy of sales tax—Rs. 512,039 (Para 6.1 (e), pages 87-88-ARRR).*—Audit pointed out that a case regarding sales tax of Rs. 512,039 had been pending adjudication for want of a post of

Deputy Collector in Multan. It had not been decided despite posting of a Deputy Collector. The Department explained that hearing of the case had started and the Deputy Collector had been directed to expedite the decision. The Committee observed that the decision may be expedited and report submitted.

462. *Non-realization of sales tax—Rs. 151.259 (Para 6.1 (g), pages 38-39-ARRR).*—Audit informed that, after decision to realize sales tax amounting to Rs. 151,259 from a manufacturer in April 1988, an appeal had been lodged in High Court and recovery had not yet been made. The department acknowledged that the case had been delayed considerably but promised that recovery would be made soon. The Committee directed that action may be expedited.

463. *Non-realization of sales tax—Rs. 123,000 (Para-6.1 (i), page 40-ARRR).*—Audit pointed out non-recovery of sales tax worth Rs. 123,000 from a manufacturer. The Committee desired that recovery may be expedited.

464. *Short-realization of sales tax—Rs. 2,020,313 (Para 6.2.1 (a), pages 40-41 ARRR).*—Audit reported short realization of sales tax amounting to Rs. 2,020,313 on corrugated paper despite the fact that in a similar case Justice Division had up-held audit contention that recovery be effected. The departmental representative informed that the case was subjudice. The Committee advised that the case may be expedited.

465. *Shsort-realization of sales tax due to under-valuation—Rs. 1,543,313 (Paras 6.2.2. (c) & 6.3. (c), pages 43—45-ARRR).*—Audit reported that only Rs. 15,000 had been realized so far in a case of short realization of sales tax amounting to Rs. 1,543,313. The Committee directed that this recovery may also be expedited.

SUBJECT STUDIES — CHAPTERS 8, 9 & 10 (PART-III — ARRR)

466. *Customs Bonded Warehouses (Chapter 8) (Paras 8.1 to 8.13, pages 50—58-ARRR).*—Audit submitted that they had examined in detail the operation of the system of Bonded Warehouses in three Collectorates in 1987. They had resultantly pointed out non-realization of taxes amounting to Rs. 150 million. Against this amount the department had realized Rs. 24 million so far and started action for recovery of Rs. 124 million. They had contested an amount of Rs. 538,000 with audit and action was at hand as far as recovery of Rs. 1.2 million was concerned.

467. Audit pointed out a specific case of the Bonded Warehouses of Saif Nadeem Kawasaki Ltd. in Haripur where audit had pointed out recovery of Rs. 21 million. When the finding was challenged, a Joint Committee comprising representatives of audit and Customs Intelligence re-examined the case and found the recoverable amount to be Rs. 130 million. However, in adjudication, a departmental officer decided that only Rs. 6.6 million were recoverable. The Committee was requested to ask the department to explain as to why the recoverable amount was reduced.

468. The department informed that as per their record the amount adjudicated to be recoverable was 6.6 million and some thousand which was being recovered. Rs. 4.3 million had been realized, but promised to re-examine the adjudication although the case could not be re-opened after adjudication.

469. The Committee appreciated the efforts by audit to report the case and appointed a Committee comprising Mr. M. Ismail Maarif, Joint Secretary, Finance Division, Mr. Ali Asghar, Director, Revenue Receipt Audit and Mr. Afzal Amir Shah, Director Inspection and Training, CBR, Karachi to examine how the tax was determined in adjudication and how the goods were cleared from the warehouse without payment of duty. The Committee was advised to submit its report within three months.

470. *Refunds and Rebates (Chapter 9) (Paras 9.1 to 9.7, pages 59 to 82-ARRR).*—Audit presented a synopsis of its study of the system of Refunds and Rebates. It was observed that an amount of Rs. 193 million was recoverable in various cases out of which the department had recovered Rs. 28 million, contested an amount of Rs. 5 million but no action was reported regarding cases involving Rs. 156,689,823.

471. The department replied that in some cases they acknowledged Audit's point of view, but in others they had difference of opinion which could be resolved through mutual consultation. Besides they would expedite recovery. The Committee directed that Audit and CBR may resolve the cases of refunds and rebates amounting to Rs. 156,689,823 and report within one month.

472. *Beverages (Chapter 10) (Paras 10.1 to 10.19, pages 83 to 108-ARRR).*—Audit reported that in their study on duty on beverages they had pointed out recoveries worth Rs. 45 million but only Rs. 800,000 had been recovered, Rs. 3 million were contested and no response was given for Rs. 41 million. The department was also taking the stand that since capacity tax had been introduced, no recovery cases would arise now. Audit, however, felt that the recoveries pointed out in 1987-88 needed to be effected because capacity tax had not been introduced at that time.

473. The Committee desired that the issue pertaining to recovery of Rs. 41,549,385 may also be resolved by audit and CBR within one month. Audit further submitted that in case of non-alcoholic beverages tax was Rs. 1.36 per bottle but on alcoholic ones it was 36 paisa per bottle.

474. The department explained that the reason for this difference was that on non-alcoholic beverages both excise duty and sales tax were imposed while on alcoholic ones only sales tax was received by the Federal Government and excise duty was collected by the respective provincial governments.

AUDIT REPORT INCOME TAX RECEIPTS AND WORKERS WELFARE FUND (VOL. III-B — 1987-88)

475. Consideration of audit report on Income Tax Receipts was deferred by the Committee.

INTERIOR DIVISION

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

1. Mr. Jamshed Burki, Secretary.
2. Khanzada Abdul Wadood Khan, Joint Secretary.
3. Mr. Noor Ahmed Solangi, Deputy Secretary.
4. Mr. Azkar Ahmed Niazi, Section Officer.
5. AVM. Saeed Ahmed Ansari, Director General (Civil Defence).
6. Major General Safdar Ali Khan, Director General, (Pakistan Rangers).
7. Major General Mumtaz Gul, Inspector General, (HQ Frontier Corps) (NWFP).
8. Maj. Genl. Syed Zafar Mehdi, Inspector General, (HQ Frontier Corps) (Quetta).
9. Brig. Sadiq Jamal, Director General (Coast Guards).
10. Mr. Abdul Majeed A. Auolakh, Principal (Central Jail Staff Training Institute).

11. Mr. Muhammad Saeed Mehdi, Chief Commissioner (ICT).
12. Mr. Sikandar Shaheen, Director General (Immigration & Passports).
13. Mr. Javed Qayyum, Director General (Registration).
14. Mr. Ghulam Moinuddin, Additional Director General (FIA).
15. Mr. Saud Gohar, Director (Admn.) (FIA).

477. This Division controlled the followign grants:—

S. No.	Name of Grant	Grant No.
1.	Ministry of Interior.	88
2.	Islamabad.	89
3.	Passport Organization.	90
4.	Civil Armed Forces.	91
5.	Pakistan Coast Guards.	92
6.	Pakistan Rangers.	93
7.	Registration Organization.	94
8.	Civil Defence.	95
9.	Federal Investigation Agency.	96
10.	Other Expenditure of Ministry of Interior.	97
11.	Development Expenditure of Ministry of Interior.	162

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I — 1987-88)

478. *Grant No. 88-Ministry of Interior (Page 270-AA).*—There was an excess of Rs. 2,143,492 even after the Ministry had obtained a supplementary grant of Rs. 3,894,000. The department explained that the principal reason for the excess was that a number of blasts had taken place in the country and a Federal Control Room was established in response to the unforeseen eventuality which caused the excess expenditure.

479. The representative of Finance Division observed that had the Principal Accounting Officer taken cognizance of the requirements against all the grants controlled by him, the excess could have been avoided through better financial management. Reference was also drawn to a previous discussion on the grant and it was pointed out that the excess in the grant had also come under discussion when the accounts for 1986-87 were examined by the PAC and a Committee was formed under the convenership of the AGPR which had suggested various steps for improvement of the financial control of the Ministry. The Committee observed that the excess did not indicate good financial management and asked the Ministry to improve its financial management utilizing the report presented by the Committee headed by AGPR in this regard. Regularization of the excess was recommended.

480. *Grant No. 89-Islamabad (Pages 271-272-AA).*—The grant closed with an excess of Rs. 1,780,371. The department explained that this was due to wrong booking of expenditure pertaining to many departments under control of Islamabad Administration and delayed reconciliation which was carried out after the printing of accoutns. The Committee accepted the explanation and recommended regularization of the excess.

481. *Grant No. 90-Passport Organization (Page 273-AA).*—There was a saving of Rs. 2,693,419 in the grant. The Committee did not make any observation.

482. *Grant No. 91-Civil Armed Forces (Page 274-AA).*—The grant registered a saving of Rs. 10,516,699. The Committee made no observation.

483. *Grant No. 92—Pakistan Coast Guards (Page 275-AA).*—There was an excess of Rs. 149,396 in the grant. The Committee recommended regularization.

484. *Grant No. 93-Pakistan Rangers (Page 276-AA).*—The grant closed with an excess of Rs. 8,009,167. The department explained that the bulk of excess expenditure was incurred on pay and allowances. The Committee accepted the explanation and recommended regularization of excess.

485. *Grant No. 94-Registration Organization (Page 277-AA).*—The grant registered an excess of Rs. 5,892,138, despite the fact that a Supplementary Grant of Rs. 13 million was also obtained. The Department stated that the excess was caused because three new registration offices had to be opened due to excessive demand for registration centres and budget was required to equip these. Finance Division did not grant sufficient Supplementary Budget.

486. The Committee observed that the Ministry spent the amount on their own despite the fact that Finance Division had not accorded approval. A Committee comprising Mr. Tanwir Ali Agha, Joint Secretary, Finance Division (Convener), Khanzada Abdul Wadood Khan, Joint Secretary, Interior Division and Mr. Ahmad Rasul Bangash, Additional Accountant General, was constituted to examine the reasons and justification for the excess expenditure in the grant and report to the PAC within one month.

487. *Grant No. 95-Civil Defence (Page 278-AA).*—There was an excess of Rs. 1,062,356 in the grant. The Committee recommended its regularization through excess Budget Statement.

488. *Grant No. 96-Federal Investigation Agency (Page 279-AA).*—The grant showed an excess of Rs. 1,107,765. The Department explained that this amount was spent on pay and allowance of Link Officers of FIA posted in London and Dubai. The Committee accepted the explanation and recommended regularization of excess through Excess Budget Statement.

489. *Grant No. 97-Other Expenditrure of Ministry of Interior (Page 280-AA).*—The grant was bifurcated between the Interior Division and Narcotics Control Division. The portion relating to Interior Division showed saivng of Rs. 6,639,303. The Committee made no observation.

490. *Grant No. 162-Development Expenditure of Ministry of Interior (Page 281-AA).*—The grant was also apportioned between the Interior Division and Narcotics Control Division. The allocation pertaining to Interior Division showed a saving of Rs. 13,942,894. The representative of Finance Division pointed out that savings should have been intimated before the due date. The Committee desired that this requirement should be observed in future.

AUDIT REPORT (CIVIL) (VOL. I — 1987-88)

491. *Irregular pruchase of vehicles costing Rs. 9,609,600 (Para 1, page 105-AR).*—Audit reported that the Ministry purchased some vehicles for Rs. 9,609,600 without adopting open tender

system, obtaining NOC from Cabinet Division and Director General Supplies and receiving 5% security deposit. In its earlier reply the Ministry had stated that security deposit had been obtained but in a later reply it was stated that the earlier information was incorrect.

492. The Department explained that the vehicles were purchased from a Government owned agency and more funds would have been consumed if the procedure had been followed. The Committee did not accept this explanation and observed that if the rules were not practicable, the Principal Accounting Officer should either have obtained relaxation or take the lead in getting the procedures amended.

493. Regarding supply of incorrect information to audit that security deposit had been obtained, the Committee advised the Principal Accounting Officer to investigate and take exemplary action agaisnt person(s) held responsible.

494. *Fraudulent drawal of Rs. 243,361 (Para 3, page 106-AR).*—Audit reported that in a fraudulent drawal of Rs. 243,361, action had been taken against some persons while case against others was subjudice. The Committee deferred examination of the para till decision of the case and asked the Principal Accounting Officer to pursue the case vigorously for early decision.

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

NARCOTICS CONTROL DIVISION

496. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Narcotics Control Division. The following departmental representatives were present:—

1. Mr. Abdul Qayyum, Secretary.
2. Mr. Mahboob Elahi, Joint Secretary.
3. Mr. Manzoor Ahamd Mallal, Deputy Secretary.
4. Mr. Chan Badshah, Accounts Officer, (Gadoon Amazai Project).
5. Mr. Abdul Khaliq, Financial Analyst, Planning and Development Department (NWFP).

497. This Division controlled the portion of following grants:—

S. No.	Name of Grant	Grant No.
1.	Other Expenditure of Ministry of Interior (Narcotics Control Division).	97
2.	Development Expenditure of Ministry of Interior (Narcotics Control Division).	162

APPROPRIATION ACCOUNTS (CIVIL (VOL. I — 1987-88)

498. *Grant No. 97—Other Expenditure of Minsitry of Interior (Narcotics Control Division) (Page 280-AA).*—The excess of Rs. 463,405 pertaining to Narcotics Control Division being a part of overall saving of Rs. 6,175,898 under the grant, the Committee made no observation.

499. *Grant No. 162—Development Expenditure of Ministry of Interior (Narcotics Control Division) (Page 281-AA).*—There was a saving of Rs. 116,181,962 in the portion of the grant which related to Narcotics Control Division. The Committee did not make any observation.

AUDIT REPORT (CIVIL) (VOL. I — 1987-88)

500. *Irregular pruchases worth Rs. 637,750 (Para 2, page 105-AR).*—Audit reported that pesticides worth Rs. 637,750 were purchased in a project of Narcotics Control Division without inviting tenders. However, the department had intimated that the matter had been reported to the Project Board for decision. The Committee deferred the para pending decision of the Project Board and directed the department to convey final decision to Committee and Audit.

501. *Excess expenditure on office/residential telephones Rs. 93,225 (Para 4, page 106-AR).*—Audit informed the Committee that the Ministry had reproted condonation of irregular expenditure on telephone. As such the para might be treated as settled, subject to verification of condonation orders. The Committee advised the Minsitry to provide condonation orders to Audit.

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

503. The Committee then adjourned to meet again at 9.30 A.M. on Sunday, the 5th July, 1992.

KHAN AHMAD GORAYA,
Secretary General.

Islamabad, the 10th December, 1992.

NATIONAL ASSEMBLY SECRETARIAT

Sunday, the 5th July, 1992.

Twelfth Sitting (PAC)

504. The Public Accounts Committee assembled at 9.30 A.M. in Committee Room No. 2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1987-88. The following members attended the meeting:—

Public Accounts Committee:

1. Mr. Hamza, MNA. — *Chairman*
2. Sardar Asseff Ahmed Ali, Minister of State for Economic Affairs. — *Member*
3. Syed Shahid Mehdi Naseem, Minister of State for Natural Resources. — *Member*
4. Rana Tanveer Hussain, Parliamentary Secretary for Finance. — *Member*
5. Mr. Liaquat Baluch, MNA. — *Member*

National Assembly Secretariat:

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

Audit:

1. Mr. Muhammad Naseer Ahsan, Auditor-General of Pakistan.
2. Sh. Muhammad Sadiq, Accountant General Pakistan Revenue.
3. Mr. Najm Hosain Syed, Deputy Auditor-General (GA).
4. Mr. A. R. Arif, Director General (GA).
5. Mr. Irfan Hussain, Director General (CA).
6. Mr. Shamim Haider, Director General Audit (Federal Govt).
7. Mr. Sikander Aziz Esker, Director General, Audit and Accounts Works.
8. Mr. Niamatullah Abid, Director General (PEC).

Ministry of Fiannce:

1. Mr. Mahmood Ahmed Lodhi, Additional Secretary.
2. Mr. Tanwir Ali Agha, Joint Secretary (Budget).
3. Mr. Mukhtar Ahmed, F. A. (Communications).
4. Mr. Muhammad Ayaz, D.F.A. (Communications-II).
5. Mr. Nabi Ahmed Khan Lodhi, D.F.A. (Communications-III).

505. *Accounts Examined.*—Accounts pertaining to the Ministry of Communications were examined by the Committee during the meeting.

MINISTRY OF COMMUNICATIONS

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

1. Mr. M. Salman Faruqui, Secretary.
2. Mr. Muhammad Sher Khan, Additional Secretary.
3. Mr. Muhammad Kaleem, Additional Secretary.
4. Mr. Zia-ur-Rehman, Joint Secretary.
5. Mr. M. Azam Rathore, Deputy Secretary.
6. Mr. Muhammad Asghar, Accounts Officer.
7. Major General Hidayatullah Khan Niazi, Chairman (NHA).
8. Mr. Mohsin H. Sheikh, Member (Operations) (NHA).
9. Mian Muhammad Javed, Chairman (PTC).
10. Mr. Wahabullah Shah, Chairman (PQA).
11. Mr. Asif Ali Shah, Member Finance (PTC).
12. Mr. Nazar Muhammad, Managing Director (TIP).
13. Rear Admiral Javed Ali, Managing Director (KSEW).
14. Mr. Muhammad Khalid Butt, Managing Director (CTI).
15. Mr. A. K. Jadoon, General Manager (Finance) (KSEW).
16. Mr. B. R. Ansari, General Manager (PNSC).
17. Brig. Khalid Raza, General Manager (NRTC).
18. Mr Mahboob Alam, Finance Manager (NRTC).
19. Mr. Sajjad Azam, Deputy Director General (SCO).
20. Mr. S.A.K. Rehmani, Chief Accounts Officer (P.P.O.).

507. This Ministry controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Ministry of Communications.	19
2.	Department of Shipping Control and Mercantile Marine.	22
3.	Lighthouses and Lightships.	23

S. No.	Name of Grant	Grant No.
4.	Other Expenditure of Ministry of Communications.	24
5.	Development Expenditure of Ministry of Communications.	144
6.	Capital Outlay on Ports and Shipping.	178
7.	Capital Outlay on Communication Works.	179

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I — 1987-88)

508. *Grant No. 19-Ministry of Communications (Page 102-AA).*—There was an excess of Rs. 85,796 in the grant. The Committee took serious notice of the fact that the excess had occurred despite the fact that a supplementary grant of Rs. 736,000 was also obtained. It was observed that Supplementary Budget and subsequent excess indicated lack of financial discipline. All the Ministries were advised to keep their expenditures within the allocated budget in future. The AGPR was asked to ensure that payments are not made if funds are not available. The Committee directed the National Assembly Secretariat to issue a circular to all the Ministries exhorting them not to incur excess. The excess of Rs. 85,796 was recommended for regularization.

509. *Grant No. 22-Department of Shipping Control and Mercantile Marine (Page 104-AA).*—The grant clsoed with a saving of Rs. 85,202. The committee made no observation.

510. *Grant No. 23-Lighthouses and Lightships (Page 105-AA).*—There was a saving of Rs. 14,104. The Committee did not make any observation.

511. *Grant No. 24-Other Expenditure of Ministry of Communications (Page 106-AA).*—The grant registered a saving of Rs. 215,744. The Committee made no observation.

512. *Grant No. 144-Development Expenditure of Ministry of Communications (Page 107-AA).*—There was a net saving of Rs. 289,119,078 in the grant. The Committee observed that the saving in development budget occurred despite the fact that a supplementary grant of Rs. 20,006,000 was also obtained.

513. The Principal Accounting Officer explained that this amount included a loan from World Bank which had actually been utilized but could not be indicated in accounts due to late debiting of expenditure in the books. It was as such an accounting problem. The Committee advised AGPR to keep in view that this amount was adjusted in the next year's accounts as stated by the Ministry.

514. *Grant No. 178-Capital Outlay on Ports and Shipping (Page-108-AA).*—The grant closed with a saving of Rs. 82,496,049 out of which Rs. 29 million had been surrendered. The Ministry explained that the amount of Rs. 52 million included foreign exchange of Japanese Yen, which was actually utilized in the construction of Marine Academy, but the expenditure did not find timely reflection in the accounts. A third part of the un-utilized amount was meant for procurement of drudges for Port Qasim Authority. The then Minister for Communications had decided that the drudges would be made locally consequently a loan offer from Japanese Government was not utilized due to this decision. The Committee made no further observation.

515. *Grant No. 179-Capital Outlay on Communication Works (Page 109-AA).*—The grant showed saving of Rs. 1,000,000. The Committee did not make any observation.

AUDIT REPORT (CIVIL) (VOL. I — 1987-88)

516. *Non-Maintenance of Accounts of Discretionary Funds/Grant of Rs. 5,100,000 (Para 1, pages 32-33-AR).*—Audit pointed out that the then Communications Minister Mr. Muhammad Aslam Khan Khattak had been given an amount of Rs. 5 million in addition to the usual discretionary grant of Rs. 100,000. The entire amount of additional grant was wtihdrawn by the Minister from the Government account during August—October, 1988. Instead of rendering a proper account, the Minister recorded a certificate that the amount had been spent for the purpose *bona fide*. The Ministry had informed audit that the case had been referred to Prime Minister's Secretariat on 1-1-1991 for decision which was still awaited.

517. The departmental representative informed the Committee that the amount was placed at the disposal of the then Minister for a special assignment and it should be treated as secret fund rather than an extra allocation against the discretionary grant. The grant had been personally sanctioned by the then President. It was also informed that at the time the Minister was acting as Senior Minister as there was no Prime Minsiter. The grant in any case had nothing to do with Communications portfolio held by Mr. Muhammad Aslam Khan Khattak. The amount was directly placed at the disposal of the Minister by the Finance Minister and the Ministry of Communications should not be held accountable for it. The representative of Finance Division clarified that this amount could not be called secret fund because it was duly sanctioned as a discretionary grant.

518. The Committee decided to request the Prime Minister to expedite decision in this case which had been referred to his Secretariat on 1-1-1991. The Committee further observed that the matter had already been considerably delayed.

AUDIT REPORT (CIVIL WORKS) (VOL. II — 1987-88)

519. *Special Audit Report on Talibwala Bridge Over Chenab River, Sargodha (Paras 6.2.1. to 6.3.2.3, pages 36-38-ARCW).*—Audit informed the Committee that they had undertaken a detailed performance audit of the Project and requested that consideration of the special report might be deferred. The Committee acceded to the request and decided that examination of special report be deferred and be taken up with the performance audit report.

National Highway Authority

520. *Overpayment to Contractor—Rs. 769,550 (Para 7.1, page 39-ARCW).*—Audit reported that an extra payment of Rs. 769,550 was made to a contractor for providing and fixing of deformed steel in a bridge despite the fact that this item was included in the B.O.Q. and specifications. The departmental representative informed the Committee that there was a dispute in this case and a Committee headed by an expert from World Bank had advised payment to the contractor and the payment had been authorized by competent authority.

521. The consensus in the Committee was that the Government had to bear this extra cost because no one was bothered about the national interest while drafting the contract. An inter-departmental Committee comprising Mr. Masud Mufti, Member Finance, National Highway Authority, (Convener), Mr. Sikandar Aziz Eskar, Director-General, Audit and Accounts works and Mr. Mukhtar Ahmad, Financial Advisor, Ministry of Communications, was constituted to examine the case in detail and submit report to the Committee. The Committee was advised to determine if the payments under audit observation were made after decision of competent financial authority and also to fix responsibility for dubious drafting of the contract documents which did not clarify certain very basic issues.

522. *Overpayment to a consultant-Rs. 559,410 (Para 7.2, page 39-ARCW).*—Audit pointed out that Rs. 1,968,000 were paid to a consultant on account of salary cost including overhead and fee,

whereas the actual salary cost worked out to Rs. 1,408,590. Thus an overpayment of Rs. 559,410 was made.

523. The department explained that audit had based the observation on Appendix-B of the agreement which included figures of salaries only, whereas Appendix-C to the contract included overheads as well. In any event the beneficiary was another government corporation. The Committee advised the Principal Accounting Officer to re-examine the case and ensure that the payment had been correctly made.

524. *Overpayment to Contractor-Rs. 280,000 (Para 7.3, pages 39-40-ARCW).*—Audit reported that the final bill of a contractor included an amount of Rs. 280,000 as arrears of consultancy fee which was not covered by the terms of contract as the fee had been paid regularly during the entire period of contract. The departmental representative submitted that the consultancy fee had been omitted in the agreement and competent authority had subsequently agreed to pay it.

525. The representative of Finance Division pointed out that after the agreement had been signed, amendments should have been made with the concurrence of Finance Division. The Committee observed that the authorities should have ensured at the time of signing of agreement that there was no omission and desired that warning may be issued to the person(s) responsible for the omission in the contract.

526. *Overpayment to a Contractor-Rs. 137,215 (Para 7.5, page 40-ARCW).*—Audit reported that the rates quoted by a contractor for cement concrete piles of a bridge included use of portland or sulphate resistant cement on as per provision of contract. The contractor, however, was compensated for use of sulphate resistant cement to the tune of Rs. 137,215 which was an undue payment. The department was of the view that the contract did not clearly stipulate that sulphate resistant cement would be used at the quoted rates and the compensation given to the contractor was justifeid.

527. The Committee expressed surprise that the consultant had not clearly specified at the time of floating of tenders as to which type of cement was required. The department submitted that drilling had not been done when tenders were floated and the consultant could not have determined the requirement of sulphate resistant cement.

528. The Committee decided that the inter-departmental Committee constituted to examine para 7.1 may also examine this para as well and submit its report to the Committee.

529. *Unauthorized Keeping of Government Funds in a Commercial Bank-Rs. 15.465 million (Paras 7.6 and 7.7, pages 40-41-ARCW).*—Audit reported that Government funds allocated for a project were diverted to another project and when the amount was received back, it was placed in a commercial bank account. The Principal Accounting Officer explained that transfer of funds from one project to another project was admissible under rules. However, he agreed that keeping public funds in a commercial bank account was not regular.

530. The Committee advised that exemplary action may be taken against the person held responsible for keeping public money in a commercial bank account.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII — 1987-88)

Lighthouses and Lightships Department

531. *(Para 2.3, page 20-ARPSE).*—Audit informed the Committee that since Lighthouses and Lightships Department had not been compiling commercial accounts, an officer of the Audit Department had been deputed to help them to compile the accounts for 1986-87 and 1987-88. The

Committee was requested to direct the department to start compiling its own accounts. The Principal Accounting Officer assured the Committee that the compilation of accounts would be started from 1988-89 onwards.

Karachi Shipyard and Engineering Works Limited

532. *Working results of KS&EW (Paras 137, 138 and 142, pages 144-145-ARPSE).*—Audit pointed out that the accumulated losses of the Karachi Shipyard and Engineering Works Limited stood at Rs. 439.89 million on 30-6-91 which had eroded 94.8% of the equity despite government grant of Rs. 250 million. Bad debts amounting to Rs. 804,904 were written off during the year. Trade debtors further increased to Rs. 298.59 million during 1990-91 from Rs. 107.204 million in 1987-88. Advances, deposits and prepayments stood at Rs. 129.942 million on 30-6-91. Audit also submitted that the previous PAC had desired on 22-5-89 that a four/five year programme may be prepared to improve working of the KS & EW.

533. The Principal Accounting Officer stated that the loss had been decreased in the year under discussion because certain ship building orders had been received. However, the shipping industry all over the world continued to be depressed and dependent on some form of government subsidy. This international trend was aggravated by labour problems in the shipyard. An investment amounting to Rs. 350 million was required to modernize the shipyard but the government was not prepared to invest at this stage. Consequently the KS&EW has had to diversify, especially into manufacture of cement and sugar plants. A ship building order from Bangladesh had been withheld which, if revived, would enable the shipyard to start earning profit. Regarding formulation of five year plan it was stated that financial uncertainties had made planning difficult.

534. The Committee observed that the stated position was pessimistic and apparently there were no prospects of improvement in the performance of the shipyard, and emphasized that, keeping in view the constant drain on the exchequer, the government should take suitable measures to improve the position.

535. *Loss of Rs. 441,585 on account of liquidated damages due to delay in the delivery of 40 Tons Boiler (Para 7, page 30-ARPSE).*—Audit reported that the Karachi Shipyard and Engineering Works Limited delayed a contract for manufacturing a boiler by six weeks and Rs. 441,585 were paid as liquidated damages.

536. The department submitted that this was the maiden experience in boiler making, and there were certain problems which were normal for a new product line. However, no delay occurred in the subsequent orders. The Committee accepted the departmental explanation and settled the para.

Pakistan National Shipping Corporation

537. *Irregular payment of bonus as* ex-gratia *amounting to Rs. 1.713 million to officers (Para 8, page 31-ARPSE).*—Audit pointed out that PNSC paid Rs. 1.713 million to its officers as *ex-gratia* during 1984-85 and 1985-86 in violation of Finance Division orders which prevented loss incurring corporations from paying bonuses or *ex-gratia* to its officer cadre.

538. The Ministry's representative explained that decision to grant the *ex-gratia* was taken by the Board of Directors in which the Finance Division was represented and the government representatives in the Board of Directors should have ensured that the guidelines of the Ministry were followed. The Committee observed that an established policy of the government had been violated in this case. It was the responsibility of the Finance Division to ensure that such decision are implemented. The Finance Division was advised to issue another circular to all public sector corporations, advising them to strictly observe the guidelines regarding payment of bonus, honorarium and *ex-gratia* to officers

and staff. The Committee further advised that Finance Division may dispose of cases of honorarium and *ex-gratia* referred by various corporations expeditiously so that lack of timely decision making does not become an excuse to pay bonuses etc.

539. *Unauthorized payment of Rs. 243,963 as commission to private individuals (Para 9, page 32-ARPSE).*—A case of payment of commission of US$ 48,700 by PNSC on shipment of defence cargo to two Pakistani nominees of the supplier was reported by audit.

540. The departmental representative explained that the cargo could be shipped from three ports two of which were not covered by PNSC ships. PNSC had decided to pay the cost of transportation of the items to the only port from where they operated *i.e.* Hamburg to secure the business. The agreement of supply had originally been executed between the Ministry of Defence and the supplier and the irregularity was on the part of Ministry of Defence who knew that PNSC was operating from only one port but agreed to shipment from three ports.

541. The Committee advised the Principal Accounting Officer to form a Committee comprising representatives of Ministry of Communications, Finance and Audit to determine why the defence authorities agreed to the supplier's condition for shipment at three ports when it was known that PNSC was operating on one of these ports only *i.e.* Hamburg.

542. *Working results of PNSC (Para 143, page 146-ARRR).*—Audit reported that the PNSC was earning profits for the last two years primarily due to financial restructuring through which the accumulated losses of Rs. 3.922 million were wiped off. The Committee made no observation.

543. *(Para 144, page 147-ARPSE).*—Audit pointed out that the PNSC had decided to dispose of a ship "M.V. Rangamati" but Rs. 6.987 million were spent on its repair during the laid-up period.

544. The Committee observed that as decision to dispose of the ship had been taken, there was no justification to incur seven million rupees on its repair. The decision of disposal should have been implemented at the earliest. The Ministry was asked to fix responsibility for the unnecessary expenditure and take action against the person(s) held responsible.

Port Qasim Authority

545. *(Paras 2-3, page 7-ARPSE).*—At the instance of audit, the Committee advised the Authority to submit their accounts in time for inclusion in Audit report.

National Tanker Company (Pvt.) Limited

546. *(Paras 147-148, page 148-ARPSE).*—While commenting the performance of National Tanker Company, audit sought clarification as to why Pakistan Refinery Ltd. had deducted Rs. 4.976 million from their freight invoices which needed clarification. The departmental representative explained that this happened during the gulf war when there was some shipment problem and the refinery deducted this amount from the company's invoices. The Ministry had advised the company to adjust the amount in their accounts and accordingly it was incorporated in the accounts for 1987-88. Audit being satisfied by the explanation the Committee made no observation.

PERFORMANCE EVALUATION OF PUBLIC ENTERPRISES
(VOL. IX-A — 1989)

547. *Performance Evaluation Report on Telephone Industries of Pakistan, Haripur Hazara (Paras 1—10, pages 110—147-PER).*—Audit presented a comprehensive report which evaluated the performance of Telephone Industries of Pakistan. It pointed out that TIP was established in 1952 as a

private limited company wtih the cooperation of a foreign company. It produces telephone sets, telephone exchanges, PABXs, spare parts, teleprinters and typewriters. The production capacity of the factory comprises 100,000 new digital unit lines (EMSD) and 50,000 old EMD lines and 250,000 telephone sets annually, besides 50,000 portable, 5000 standard and 3,000 electronic typewriters. 90% of its products are used by the Telecommunications Corporation. The company determines its prices on no profit no loss basis and PTC purchases these goods and services on cost basis. The company continued to depend on imported raw material, therefore, deletion/transfer of technology could not succeed. Diversification programme was limited to producing typewriters but the company suffered a loss of Rs. 80 million in typewriters up to March 1991 and this loss had to be passed on to telephone consumers through PTC. The company was not paying any attention to decreasing its expenditures to reduce the prices. A contract was awarded to M/s. Siemens which could not be called economical. There were cases of delay in supply of equipment and defects in exchanges. Audit concluded that the company was working in a monopolistic environment and its profitability depended upon patronage of the PTC. In case PTC was privatized, the future of TIP would be uncertain.

548. The departmental representative explained that the factory makes each component part on its own. Most of the parts were made in Pakistan and only such parts were imported as would not prove viable if produced locally. Emphasis on transfer of technology was apparent from the saving in foreign exchange. The capacity was being increased in view of the local demand which was continuously increasing. The prices of products were being brought to the level of international competitive prices. Loss in typewriters was incurred due to less sale and a new policy was being considered.

549. The Committee observed that the performance of TIP appeared better than many other public sector enterprises and there was a need that the example of such profitable companies be emulated by other public sector orgainzations. A Committee comprising Main Muhammad Javed, Chariman PTC (Convener), Mr. Mahmood Ahmed Lodhi, Additional Secretary, Finance, and Mr. Zaheer-ud-Din Jeddy, Deputy Auditor General (CA&E) was constituted to determine the factors which had enabled the TIP to give satisfactory performance so that some general advice could be amde available to the other public sector corporations for guidance.

AUDIT REPORT POST OFFICE, TELEGRAPH AND TELEPHONE DEPARTMENTS (VOL. V—1987-88)

550. The Committee deferred examination of the Audit report.

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

552. The Committee then adjourned to meet again at 9.30 A.M. on Monday, the 6th July, 1992.

KHAN AHMAD GORAYA.
Secretary General.

Islamabad, the 10th December, 1992.

NATIONAL ASSEMBLY SECRETARIAT

Monday, the 6th July, 1992.
Thirteenth Sitting (PAC)

553. The Public Accounts Committee assembled at 9.30 A.M. in Committee Room No. 2 of the Parliament House, Islamabad to continue the examination of Federal Accounts for 1987-88 . The following members attended the meeting:—

Public Accounts Committee:

1. Mr. Hamza, MNA. — *Chairman*
2. Sardar Asseff Ahmed Ali, Minister of State for Economic Affairs. — *Member*
3. Syed Shahid Mehdi Naseem, Minister of State for Natural Resources. — *Member*
4. Rana Tanveer Hussain, Parliamentary Secretary for Finance. — *Member*
5. Mr. Liaquat Baluch, MNA. — *Member*

National Assembly Secretariat:

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

Audit:

1. Mr. Muhammad Naseer Ahsan, Auditor-General of Pakistan.
2. Sh. Muhammad Sadiq, Accountant General Pakistan Revenue.
3. Mr. Najm Hosain Syed, Deputy Auditor-General (GA).
4. Mr. Zaheeruddin Jeddy, Deputy Auditor General (CA&E).
5. Mr. A.R. Arif, Director General (GA).
6. Mr. Zulqarnain Qureshi, Director General Audit (Defence Services).
7. Mr. Irfan Hussain, Director General (CA).
8. Mr. Mukhtar Ahmed, Director Audit (Defence Services).
9. Mr. Khalid Sadiq, Director Audit (Defence Services).
10. Miss. Rubina Mushtaq Siddiqui, Deputy Director, (Commercial Audit).

Ministry of Finance:

1. Mr. Mahmood Ahmed Lodhi, Additional Secretary.
2. Mr. Tanwir Ali Agha, Joint Secretary (Budget).

NATIONAL ASSEMBLY SECRETARIAT

Tuesday, the 7th July, 1992.
Fourteenth Sitting (PAC)

618. The Public Accounts Committee assembled at 9.30 A.M. in Committee Room No. 2 of the Parliament House, Islamabad to continue the examination of the Federal Government Accounts for 1987-88. The following members attended the meeting:—

Public Accounts Committee:

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

National Assembly Secretariat:

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

Audit:

1. Mr. Muhammad Naseer Ahsan, Auditor-General of Pakistan.
2. Mr. Najm Hosain Syed, Deputy Auditor-General (GA).
3. Mr. Zaheeruddin Jeddy, Deputy Auditor-General (CA&E).
4. Mr. A. R. Arif, Director General (GA).
5. Mr. Irfan Hussain, Director General (CA).
6. Mr. Sikander Aziz Eskar, Director General, Audit & Accounts Works.
7. Mr. Ahmed Rasul Bangash, Additional Accountant General Pakistan Revenue.
8. Mr. Zulqarnain Qureshi, Director General Audit (Defence Services).
9. Mr. Mukhtar Ahmed, Director Audit (Defence Services).
10. Miss. Rubina Mushtaq Siddiqui, Deputy Director (Commercial Audit).

Ministry of Finance:

1. Mr. Mahmood Ahmed Lodhi, Additional Secretary.
2. Mr. Tanwir Ali Agha, Joint Secretary (Budget).
3. Mr. Moeen Aftab Sheikh, Financial Adviser (DP) (Military Finance).
4. Mr. Ghulam Jillani Khan, Financial Adviser (Proc.) (Military Finance).

S. No.	Name of Grant	Grant No.
3.	Estate Offices.	75
4.	Federal Lodges.	76
5.	Other Expenditure of Works Division.	77
6.	Development Expenditure of Works Division.	160
7.	Capital Outlay on Civil Works.	186

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I -- 1987-88)

652. *Grant No. 73-Works Division (Page 237-AA).*—There was an excess of Rs. 76,713 in this grant. The Committee recommended its regularization through Excess Budget Statement.

653. *Grant No. 74-Civil Works (Page 239-AA).*—There were two portions of this grant. In the charged portion there was a saving of Rs. 64.328 while in the other than charged portion there was an excess of Rs. 34,562,166.

654. The Ministry explained that the excess of Rs. 25 million was caused because of adoption of gross accounting system which registered entries in the suspense account as expenditure but ignored the recoveries made subsequently. However, the system had recently been changed and the excess would not recur in future. The excess of Rs. 9 million had occurred due to purchase of vehicles at the government orders in accordance with the policy regarding use of small vehicle.

655. The attention of the Committee was drawn to the fact that the PAC had taken note of the continued excess in this grant while examining the accounts for 1985-86 and 1986-87 and had directed that this excess should be avoided.

656. The Committee expressed displeasure that despite directives by earlier PAC on two occasions to avoid excess over budget, excess was incurred again. Hope was expressed that the discontinuation of the unconstitutional practice adopted for the bulk purchase of cement and steel would, as explained by the Ministry, prevent the recurrence of excesses in future. The Committee however, recommended excess for regularization through Excess Budget Statement.

657. *Grant No. 75-Estate Offices (Page 240-AA)*—This grant clsoed with an excess of Rs. 359.291. The Ministry explained that the excess was mainly in pay and allowances. The Committee evinced keen interest in the working of the Estate Offices and informed the Principal Accounting Officer that their operation was apparently not satisfactory as the attention of the Members was repeatedly being drawn towards malpractice by various affected parties of various types. The Principal Accounting Officer stated that Estate Office was responsible for providing official residential accommodation to government servants. The Estate Offices face acute problems due to lack of funds because neither new houses were being constructed at the required pace nor sufficient funds were available for hiring. Unless more funds were made available the problems would persist.

658. The Committee observed that even within the existing constraints, the Estate Offices could adopt an allotment system which was just and above board and that in itself would remove most of the complaints regarding favouritism, corruption etc. even while the shortages persist. The policy should be that rules and regulations were strictly observed for allotment of houses. It was also recommended that the government may provide more funds for construction of houses for government servants. The Committee recommended excess for regularization through Excess Budget Statement.

659. *Grant No. 76-Federal Lodges (Page 241-AA).*—This grant registered a saving of Rs. 87,266. The Committee desired to know the position of recovery of arrears of rent of Federal Lodges and other

official rest houses like Gulshan-i-Jinnah and Chamba House. The Principal Accounting Officer informed that recoveries were pursued regularly. Rs. 8 million have been outstanding for the last six years. Efforts were being made to recover the amounts outstanding.

660. The Committee observed that recovery of dues from those residing at Federal Lodges and other government accommodations should be pursued vigorously and every effort should be made to reduce the arrears which had piled up to more than Rs. 8 million. It was also pointed out that recourse should be made to publicising the names of chronic defaulters to improve the recovery position and the convey the message that no one was above the law.

661. *Grant No. 77-Other Expenditure of Works Division (Page 242-AA).*—There was a saving of Rs. 18,374 in the grant. The Committe did not make any observation.

662. *Grant No. 160-Development Expenditure of Works Division (Page 244-AA).*—This grant closed with a saving of Rs. 41,774. The Committee made no observation.

663. *Grant No. 186—Capital Outlay on Civil Works (Page 245-AA).*—There was a saving of Rs. 102,569,989 in this grant, out of which Rs. 70,814,000 were surrendered, leaving a net saving of Rs. 31,755,989.

664. The Ministry explained that the grant comprised funds meant for construction works on behalf of other departments of the federal government. The departments concerned were hesitant to surrender the funds in time even when chances of spending were low which resulted in unsurrendered savings. The Committee observed that such savings did not indicate good financial management. All the factors should be considered before planning a project so that development funds do not lapse. The management of the substantial grant needed to be improved.

AUDIT REPORT (CIVIL WORKS) (VOL. II—1987-88)

665. *Special Audit Report on Federal Government Employees Colony, Dhana Singhwala, Lahore (Chapter 8—Pak. PWD) (Paras 8.1.1. to 8.6.2.7, pages 45—56-ARCW).*—Audit presented a special audit report on "Construction of Residential Accommodation for Central Government Employees at Dhana Singhwala Lahore" which pointed out that the scheme was launched in 1979 at an estimated cost of Rs. 131.31 million. It was revised in 1985 for Rs. 219.703 million. The project was still in progress due to a delay of 8 years. Heavy advances worth Rs. 1,545,500 were paid at the end of financial year 1978—79 although the project had not received approval by competent authority. Resultantly an advance of Rs. 680,000 was still outstanding. Extra and deviated items worth Rs. 412,068 were executed without sanction. Shops completed in 1984-85 were not allotted upto 1987-88. Loss of Rs. 14 million due to delay in allotment of quarters by Estate Office was noticed. Security deposit of contractors amounting to Rs. 2,959 million was released before completion of work and approval of agreement. Government had to sustain a loss of Rs. 1.584 million due to irregular deletion of water clause (6) from the agreements. Overpayments were made for cartage and extra items. Rs. 1,598,710, recoverable from a contractor had not been recovered so far.

666. The department stated that encroachments and lack of sewerage were the basic problems. The project got delay due to under allocation of finances in successive years of its implementation, resulting in litigation with contractors, less supply of cement and other complicating factors. The quality of the houses had been improved. The delay in allocation of shops occurred due to late supply of water and electricity connections.

667. The Committee observed that the project was poorly executed. The quality of work was sub-standard and major problems of seepage, sewerage, roads were faced by the residents. A Sub-Committee, headed by Mr. Liaqat Baluch, MNA, and comprising Mr. M.I. Rajput, Director-General, Pak. PWD, Mr. Mukhtar Ahmad, Financial Adviser, Works Division and Mr. Sikandar Aziz Eskar,

Director-General Audit and Accounts Works was constituted to examine the affairs of the project with reference to the special audit report and submit its report to PAC within three months.

668. *Non recovery from contractors-Rs. 628,815 (Para 9.3 (i), (ii), (iii) & (iv), pages 58—59-ARCW).*—Audit reported that final bills of six contractors were converted into minus bills amounting to Rs. 628,815 due to over-payments, non-recovery of cost of materials and non-adjustment of secured advances in the running bills, and the amounts were outstanding for periods ranging from 6 to 15 years. Departmental responsibility for the obvious lapses had not been fixed.

669. The Ministry replied that efforts were being made to recover the amounts. Court cases were being initiated and disciplinary action would also be taken against the persons held responsible for the overpayments.

670. The Committee advised the Ministry to hold investigations to fix responsibility for overpayment to contractors and take action against those held responsible. Recovery may also be pursued vigorously.

671. *Non-recovery of Rs. 2,192,325 (Para 9.4, page 59-ARCW).*—Audit pointed out that a contractor did not complete the work within stipulated period and when his contract was cancelled, he removed such material from site against which he had been given a secured advance or had been issued by the department. A sum of Rs. 2,192,325 was recoverable from him on this account. A Sub-Engineer found responsible had been dismissed from service and an amount of Rs. 102,489 was recoverable from him. Case of recovery from contractor was in court of law.

672. The Department informed the Committee that inquiry was held against the XEN, Assistant Engineer and Sub-Engineer and only the later was found responsible. The recovery could not be made because the contractor and Sub-Engineer had filed suits in courts of law.

673. The Committee took serious note of the fact that efforts were not made seriously to recover the public loss. The Principal Accounting Officer was advised that he may not only make efforts to recover the money, but also undertake necessary steps for overall improvement of the system.

674. *Over-spending against the budget grant Rs. 8,916,683 (Para 9.5, page 60-ARCW).*—Audit reported that in four divisions of Pak. PWD, expenditure of Rs. 8,916,683 was incurred in excess of the budget grant during 1986-87. The Ministry had attributed it to late release of funds from Finance Division. Audit proposed streamlining of procedure.

675. The Ministry explained that this was happening because the Personal Ledger Accounts of Pak. PWD Divisions contained some other amounts like contractors security deposits besides regular budget. To remedy the situation it had been proposed, subject to approval of Finance and Audit, to have two separate PL Accounts at each Division — one for budget and one for other deposits. The Committee settled the para subject to the advice that Audit may verify the adoption of the new system proposed by Pak. PWD.

676. *Excess consumption of steel worth Rs. 800,000 (Para 9.6, page 60-ARCW).*—Audit reported that a contractor was issued 100 tons of steel worth Rs. 800,000 in excess of the requirements of a work on the basis of forged drawings.

677. The department submitted that inquiry was held and it was found that the contractor had got the excess steel issued on the basis of forged drawings. 28 tons of steel had been recovered from him and he had been blacklisted. The Committee settled the para subject to verification by audit.

678. *Non-recovery of risk and cost Rs. 455,800 (Para 9.7, page 60-ARCW).*—Audit pointed out that an amount of Rs. 455,800 was recoverable from defaulting contractors on account of risk and cost

since 1980-81. The department had recovered Rs. 222.953 but the balance amount of Rs. 232,851 was still outstanding.

679. The department stated that efforts were being made to effect the recovery. The Committee advised that the firm should be blacklisted. Audit may watch recovery and check if the defaulting firm had been blacklisted or not.

680. *Expenditure incurred on deposit works in excess of deposits received (Para 9.16, page 65-ARCW).*—Audit reported that excess expenditure of Rs. 59.941 million was incurred on deposit works. The Ministry had reported that excess of Rs. 2,159 million for 14 works was still outstanding and the balance had been recovered. The Committee advised the Ministry to recover the balance amount and settled the para subject to verification of recovery by audit.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII—1987-88)

National Construction Limited

681. *(Paras 2-3 (4), page 20-ARPSE).*—Audit pointed out that the National Construction Limited failed to submit their audited accounts in time. The Ministry informed that accounts for three years had been submitted in December, 1990.

682. Observing that timely submission of accounts should be ensured at all costs, the Committee desired that the accounts for the years 1987-88, 1988-89, 1989-90 and 190-91 may be immediately supplied to Audit.

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

684. The Committee then adjourned to meet again at 9.30 A.M. on Wednesday, the 8th July, 1992.

KHAN AHMAD GORAYA,
Secretary General.

Islamabad, the 10th December, 1992.

NATIONAL ASSEMBLY SECRETARIAT

Wednesday, the 8th July, 1992.
***Fifteenth Sitting* (PAC)**

685. The Public Accounts Committee assembled at 9.30 A.M. in Committee Room No. 2 of the Parliament House, Islamabad to continue the examination of the Federal Government Accounts for 1987-88. The following members attended the meeting:—

Public Accounts Committee:

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

National Assembly Secretariat:

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

Audit:

1. Mr. Muhammad Naseer Ahsan, Auditor-General of Pakistan.
2. Sheikh Muhammad Sadiq, Accountant General Pakistan Revenue.
3. Mr. Najm Hosain Syed, Deputy Auditor-General (GA).
4. Mr. Zaheeruddin Jeddy, Deputy Auditor-General (CA&E).
5. Mr. A. R. Arif, Director General (GA).
6. Mr. Irfan Hussain, Director General (CA).
7. Mr. Shamim Haider, Director General Audit. (Federal Government).
8. Mr. S. T. Rehman, Director General Audit (WAPDA).
9. Mr. Hussain Saqib, Assistant Auditor-General.
10. Miss. Rubina Mushtaq Siddiqui, Deputy Director (Commercial Audit).
11. Mr. Abdul Majeed, Deputy Director Audit (WAPDA).

Ministry of Finance:

1. Mr. M. A. Lodhi, Additional Secretary.

2. Mr. Tanwir Ali Agha, Joint Secretary (Budget).

3. Mr. Muhammad Zafar Mian, Financial Adviser (I&B).

686. *Accounts Examined.*—Accounts pertaining to the following Ministries were examined by the Committee during the meeting:—

1. Ministry of Information and Broadcasting.
2. Ministry of Water and Power.

MINISTRY OF INFORMATION & BROADCASTING

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

1. Haji Muhammad Akram, Secretary.
2. Dr. Abdul Hameed Qureshi, Joint Secretary.
3. Mr. Abdul Hamid Khan, Deputy Secretary (F&A).
4. Mr. M. Aftab, Director General (APP).
5. Mr. M. Afzal Khan, Executive Director (APP).
6. Mr. Muhammad Abbas, Director General, (Information Service Academy).
7. Syed Murtaza Moosvi, Director General (PNC).
8. Mr. Muzaffar Abbas, Director General, (Films and Publications).
9. Mr. Abdur Rauf Malik, Director General, (External Publicity Wing).
10. Khawaja Ijaz Sarwar, PIO (PID).
11. Mr. Ahmed Hasan Sheikh, MD (PTV).
12. Mr. Agha Nasir, DG (PBC).

688. This Ministry controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Ministry of Information and Broadcasting.	82
2.	Directorate of Publications, Newsreels and Documentaries.	83
3.	Press Information Department.	84
4.	Information Services Abroad.	85
5.	Pakistan National Centres.	86
6.	Other Expenditure of Ministry of Information and Broadcasting.	87

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1987-88)

689. *Grant No. 82-Ministry of Information & Broadcasting (Page 260-AA).*—The grant closed with an excess of of Rs. 733,719 despite the fact that a supplementary grant of Rs. 7,230,000 was also taken. The Committee observed that it was a regular feature of expenditure by Ministries that excess expenditure was incurred even after substantial supplementary grants were allowed. Apparently the entire system of financial control featuring Financial Advisers and Budget and Finance Officers was not functioning very efficiently.

690. It was discussed that the Principal Accounting Officers should play the key role in making the financial management and budget estimation more effective. Since expenditure could only be authorized by the legislature, unless the excess expenditure was regularized by the National Assembly, it remained without any legal cover. Although some variations were inevitable under the existing budgetary system, it however appeared that non-enforcement of accountability had resulted in decay of the financial discipline. The consensus among the members was that strict notice should be taken of budgetary variation to reinforce financial discipline. The Committee also asked the AGPR to inform the PAC about the heads in which excess was incurred. The excess was recommended for regularization.

691. *Grant No. 83-Directorate of Publications, Newsreels and Documentaries (Page 261-AA).*—There was an excess of Rs. 299,388 in the grant. The Committee observed that the manner in which excess had taken place was similar to the situation as discussed while considering grant No. 82 and such excesses were highly undesirable. The excess was recommended for regularization.

692. *Grnat No. 84-Press Information Department (Page 262-AA).*—The grant showed a saving of Rs. 219,498. The Committee did not make any observation.

693. *Grant No. 85-Information Services Abroad (Page 263—AA)*—There was an excess of Rs. 2,023,661 in the grant. Audit pointed out that this grant had continuously been registering excess for the last five to six years. It was also pointed out that a Committee had been constituted by the earlier PAC to review the excess in this grant but report had not been received.

694. The Principal Accounting Officer explained that there was under-budgeting in this grant and the bulk of expenditure was on such items like rents and royalties abroad which had to be paid at any cost. The fluctuation of foreign currency rates was also an element which made budgeting difficult.

695. The Committee expressed displeasure at the fact that excess was continuing in this grant despite observations of the earlier PAC and constituted an inter-departmental Committee, comprising Sheikh Muhammad Sadiq, AGPR (Convener), Mr. Abdur Rauf Malik, Director-General, External Publicity, Ministry of Information and Broadcasting and Mr. Zafar Mian, Financial Adviser, Ministry of Information to examine the continued excesses against the grant and submit its report to PAC within two months. The Committee may coopt Mr. Wazir Ahmad Qureshi, Chief Accounts Officer, Ministry of Foreign Affairs as its Member.

696. *Grant No. 86—Pakistan National Centres (Page 264-AA).*—The grant registered a saving of Rs. 554,609. Committee was informed that it had been decided to close the National Centres. The Committee made no observation.

697. *Grant No. 87—Other Expenditure of Ministry of Information & Broadcasting (Page 265-AA).*—This grant closed with saving of Rs. 194,615, out of which Rs. 194,611 were surrendered. The Committee did not make any observation.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII — 1987-88)

Associated Press of Pakistan

698. *Working results of APP (Paras 360-364, pages 235—237-ARPSE).*—Reviewing the

working results of APP, Audit pointed out that government subsidy continued to be the main source of income for APP. Physical verification of assets valuing Rs. 12.574 million had not been carried out upto June 30, 1988. Old subscriptions recoverable had reached a figure of Rs. 4.004 million as on 30-6-1988, including an amount of Rs. 0.266 million outstanding against defaulting subscribers. Subscriptions receivable amounting to Rs. 2.564 had been considered doubtful. Representative of Ministry of Finance observed that the employees were being given double benefits in the shape of awards of wage boards and all increases announced by the governments for its employees which needed to be discontinued.

699. The department explained that the bulk of its expenditure was incurred on pay and allowances. When T&T increased rates of telex and teleprinters, the burden was borne by APP. Moreover, there were international commitments which involved foreign exchange as correspondents are deputed to cover international events wherever possible. The Committee was informed that there was no plan to privatize APP in the immediate future. A major problem faced by the organization was that newspaper owners did not easily clear their bills. A business service was being started to increase income.

700. The Committee observed that there was need to improve the performance of APP through new initiative and adoption of such measures which would reduce reliance on government subsidy. Special efforts were required to recover arrears as early as possible. Besides other options like increase of subscription rates and modernization should be seriously considered by the management to retain APP as a viable unit in the public sector. This viability needed to be ensured even if it called for greater administrative autonomy. The Committee also emphasized the need to raise the level of credibility of the service.

Pakistan Broadcasting Corporation

701. *Operating results of PBC (Paras 368-371, page 238-ARPSL).*—Audit reported that the Corporation suffered a net deficit of Rs. 18,583 million during 1990-91 in spite of increase of subsidy of Rs. 41,049 million as compared to 1987-88. Income from licence fee had increased but advertisement income had decreased. Slow moving inactive spare parts worth Rs. 10.5 million had been lying in store since 1973. Inventory of stores and spares increased to Rs. 246.030 million as on June 30, 1991. Advances of Rs. 2.849 million were outstanding for more than three years.

702. The department explained that they had three sources of income—licence fee, advertisement and government subsidy. Licence fee has been abolished in many countries. There was no foolproof system to collect this fee. Advertisement income had not increased due to various factors which included government control and political instability. The Government subsidy was the major source of income of PBC. The expenditure of the Corporation had been controlled to a considerable extent.

703. The Committee observed that in line with the international trends and keeping in view the problems of collection, the government may seriously consider discontinuation of licence fee. The Corporation should make efforts to increase the income from advertisements so that the government subsidy could be minimized.

Pakistan Television Corporation Limited

704. *Operating results of PTV (Paras 372—379, pages 239-241-ARPSE).*—Audit reported that the Corporation which earned profit in 1985-86, 1986-87, 1987-88, 1988-89 and 1989-90, sustained loss of Rs. 59.033 million in 1990-91 which was mainly due to increase in expenses. The inventory stock recorded a gradual increase from 1985-86 to 1990-91.

705. The department explained that the PTV was called upon to play a social role which included installation of boosters in such areas where there was no income and government was not paying any

subsidy. Such requirements reduce the profitability of the Corporation. Introduction of a private channel was also a factor which had claimed a substantial share of the advertisement income. Moreover, imposition of taxes had reduced the profitability.

706. The Committee expressed the view that credibility of PTV should be improved with more coverage beign given to opposition and a healthy balance ought to be struck between projection of official policy and representation given to general public opinion.

Shalimar Recording Company

707. *(Paras 2-3 (8), page 18-ARPSE).*—Audit pointed out that the management of Shalimar Recording Company was declining state audit since its inception. The Committee observed that the Ministry may provide financial results of the Shalimar Recording Company to Audit and if audit had any comments, these may be conveyed to the Company's Board of Directors through the Ministry for any follow up action if so required.

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

MINISTRY OF WATER AND POWER

709. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Ministry of Water and Power. The following departmental representatives were present:—

1. Mr. S. R. Poonegar, Secretary.
2. Mr. Ahadullah Akmal, Secretary (Statistics Division)/(By Special Invitation.)
3. Mr. Daud Beg, Additional Secretary.
4. Mr. Mumtaz Hameed, Chairman (WAPDA).
5. Mr. Shamsul Mulk, Member, Water (WAPDA).
6. Mr. Javid Akhtar, Member, Power (WAPDA).
7. Mr. Hafeez Ibrahim, M.D. (Dist) (WAPDA).
8. Mr. F.H. Usmani, Federal Coordinator (ISRP) (WAPDA).
9. Mr. Jan Sardar Gul, GM (Water North) (WAPDA).
10. Mr. S. M. Arshad Bokhari, GM (Oper) (WAPDA).
11. Mr. M. Naeem Akhtar, GM (Water Central) (WAPDA).
12. Mr. Muhammad Rafiq, GM (Finance Power) (WAPDA).
13. Mr. Mansoor Ali Sheikh, GM (Audit) (WAPDA).

710. This Ministry controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Ministry of Water and Power.	130
2.	Development Expenditure of Ministry of Water and Power.	172
3.	Capital Outlay on Irrigation and Electricity.	193

711. *Grant No. 130—Ministry of Water and Power (Page 380-AA).*—There was a saving of Rs. 2,192,947 in the grant. An amount of Rs. 1,953,000 was surrendered, bearing a net saving of Rs. 239,947. The Committee made no observation.

712. *Grant No. 172—Development Expenditure of Ministry of Water and Power (Page 381-AA)*—There was a net saving of Rs. 102,809,860 in the grant. The Ministry explained that the bulk of the amount was not spent because funds for third quarter were not released to provincial governments who did not render certificate regarding utilization of funds already released to them. The Committee made no comment.

713. *Grant No. 193 — Capital Outlay on Irrigation and Electricity (Page 382-AA).*—The grant closed with a net saving of Rs. 14,851,903. The Committee did not make any observation.

AUDIT REPORT (CIVIL) (VOL-I-1987-88)

714. *Loss of Saudi Rials 1,998,035 owing to delay in completion of joint venture project (Para 1, pages 54-55-AR).*—Audit reported that NESPAK and Statistics Division jointly entered into a contract in June 1985 for conducting housing sample survey in Saudia Arabia. The first phase of the project was to be completed within 67 weeks but could not be completed even in 125 weeks. Thus a loss of Rs. 17.087 million was incurred which included a sum of 1.08 million Saudi Rials paid as penalty. The Saudi government also cancelled the phase-II of project due to delay.

715. The departmental representative stated that the Statistics Division had delayed selection of staff for the project by 34 weeks. The Saudi government also took time providing maps. Thus the project was delayed.

716. The Secretary, Statistics Division, who had been specially invited to the meeting, explained that NESPAK had not laid down any time frame for provision of manpower. The normal selection process involved different channels and time was consumed.

717. The Committee expressed its displeasure and observed that in case Statistics Division was taking undue time in provision of required manpower, NESPAK should have taken the personal from some other source like private sector. It was unfortunate that bureaucratic procedures were adopted in a business venture and the nation had to bear the loss. This was a sad reflection upon the otherwise good reputation of NESPAK. There were lessons both for NESPAK and Statistics Division in the way this project was handled.

718. *Overheads on development projects (Para 1, page 168-AR).*—Audit pointed out that all government approved schemes/projects executed by WAPDA (Water Wing) contained a provision under which overheads @ 2.5% of capital cost of projects were payable to WAPDA. Expenditure average for the last nine year was in the range of 0.756%. Thus an amount of about Rs. 251.853 million had accumulated upto June 30, 1988. WAPDA was spending these funds on various item like maintenance of WAPDA House and hospitals etc. Audit argued that while retention/utilization of the surplus amount by WAPDA was not covered under rules the rate of overheads itself appeared to be exorbitant.

719. The Principal Accounting Officer felt that although a case could be made out for the review of the overhead rates, savings themselves in the overheads could not be viewed as government funds and WAPDA was justified in spending these at its discretion.

720. It was felt that the issues needed in-depth scrutiny. A Committee comprising Mr. S. R. Poonegar, Secretary Water and Power Division (Convener), Mr. S. T. Rehman, Director-General,

Audit WAPDA, and Mr. Tanwir Ali Agha, Joint Secretary (Budget), Ministry of Finance was constituted to examine the issue of overheads payable to WAPDA for schemes/projects executed by the Authority and submit report within three months.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII — 1987-88)

National Engineering Services Pakistan (Private) Limited.

721. *Irregular Payment of bonus amounting to Rs. 269.131 to officers (Para 86, pages 110-111-ARPSE).*—Audit reported that NESPAK paid bonuses amounting to Rs. 269,131 to its officers during 1984-85 and 1985-86 in contravention of the government rules. The Ministry explained that NESPAK being a private company was competent to take the decision keeping in view operational requirements. However, the representative of Finance Division pointed out that the Federal Government had given a general directive that Corporations should not give bonus to officers. In case a company wanted to give bonus, it was required to seek exemption from Finance Division.

722. The Committee advised the Principal Accounting Officer to take up the matter regarding grant of honorarium to officers of NESPAK with Finance Division. The Committee also recommended that since NESPAK was a profitable and successful enterprise, there was strong justification that they may be granted exemption.

723. *Working results of the Company (Para 836, page 417-ARPSE).*—Audit presented working results of NESPAK which indicated profits from 1986-87 to 1990-91. The Committee expressed its satisfaction on the reported results.

AUDIT REPORT (WAPDA) (VOL. VII — 1987-88)

Serious Irregularities

724. *Extra expenditure of Rs. 42.90 million due to rejection of the lowest bid (Para 1, pages 1-2-AR-WAPDA).*—Audit pointed out that WAPDA sustained loss of Rs. 42.90 million due to award of a work to second lowest bidder who did not complete the job despite financial assistance of Rs. 12 million being made available to him beyond the provisions of the agreement. The work was ultimately completed at risk and cost of the defaulting contractor *viz.* M/s. McDonald Layton.

725. The department explained that the first lowest bidder did not come up to the laid down criterion, his track record was poor and his financial position did not inspire confidence. The position of second lowest bidder, *i.e.* McDonald Layton, was sound at the time of award of contract and it was a well-established company of repute. Unfortunately it landed into difficulties. Now they had filed a suit to avoid payment of the amount of risk and cost.

726. The Committee observed that all out efforts be made to expedite action on recovery from McDonald Layton and Company and progress reported to the Committee.

727. *Wasteful expenditure of Rs. 90.11 million due to shifting of site of a Power House from Multan to Muzaffargarh (Para 2, pages 2-4-AR-WAPDA).*—Audit reported that WAPDA spent Rs. 90.11 million on a project which was subsequently abandoned and the amount spent was wasted. The department stated that the project was shifted to another site due to problems in land acquisition. However, the decision turned out to be beneficial and in fact there had been no material loss because the land at new site was acquired at much cheaper rates.

728. The Committee observed that while taking the initial decision, due care was not taken in selection of site for the power house. The wasteful expenditure could have been avoided with more vigilance. Efforts to prevent recurrence of such ill planned actions in future were stressed.

729. *Avoidable expenditure of Rs. 28,841,916 on account of payment of regulatory duty (Para 3, page 4-AR-WAPDA).*—Audit pointed out that WAPDA paid Rs. 28.842 million as regulatory duty on import of substitutes of such plants and machinery as were locally manufactured by a foreign contractor without any justification.

730. The department stated that the audit observation was valid but the duty was paid in order to avoid delay in the project. They were approaching CBR for refund of the duty. There were many other instances in which equipment etc. pertaining to on-going schemes was withheld by customs on account of issues pertaining to payment of duties.

731. The Committee advised the Authority to vigorously pursue recovery of regulatory duty. A complete list of cases in which equipment pertaining to on-going schemes was withheld by Customs authorities be forwarded to the Committee so that the matter could be taken up with C.B.R. through Finance Division.

732. *Extra expenditure of Rs. 3,597,963 due to rejection of lowest bid (Para 4, pages 5-6-AR-WAPDA).*—Audit reported that in a contract the lowest bid of the same contractor was rejected twice without any reasons. Tenders were invited for the 3rd time and work was awarded at 28% above the estimated cost after negotiations. Thus an extra expenditure of Rs. 3,597,963 was borne. WAPDA had intimated that bid of the lowest contractor on the first occasion was rejected because his contract contained certain discrepancies and second time he had not agreed to reduce his bid equal to the one previously quoted.

733. The department explained that inquiry had been held in this case and no WAPDA employee was held at fault. However, it was acknowledged that the award of contract was delayed. A foolproof system for award of contract had since been adopted.

734. The Committee was not satisfied with the explanation and observed that problems pertaining to the defects in the lowest tender in the first bidding could have been resolved at that stage. It was also felt that too much time was taken to finalize the contract on the basis of re-tendering, resulting in considerable escalation of cost. The Committee placed on record its displeasure on the handling of the contract by WAPDA.

735. *Extra expenditure of Rs. 3,900,000 due to non-supply of meters by a firm (Para 6, pages 7-9-AR-WAPDA).*—Audit reported that a purchase order for supply of 80,000 meters was placed with a firm @ Rs. 235 each. The firm supplied only 50,000 meters. In the meantime another purchase order was placed with the same firm @ Rs. 365 per meter. The requirement of unsupplied meters against the first purchase order was thus met from the supply against the second order and WAPDA increased an extra expenditure of Rs. 3,900,000.

736. The department informed that a penalty of Rs. 4.5 million had been imposed upon the firm for non-supply of items in the first contract. The second order was placed in 1987 *i.e* four years after the first order and the meters of second order had been supplied. The Committee advised Audit to verify the departmental reply and submit report to the Committee.

737. *Loss of Rs. 3,007,581 due to damage of P.C. poles and cross arms (Para 7, page 9-AR-WAPDA).*—Audit pointed out that P.C. poles and cross arms worth Rs. 3,007,581 were left exposed to weather etc. and were damaged. The Authority had stated that an inquiry Committee had established the loss of Rs. 3.829 million which would be recovered from the contracting firm failing which they will be blacklisted. In that case 50% of the loss will be recovered from the SDOs and Line Superintendents concerned.

738. The department submitted that the Line Superintendent, concerned had been dismissed, inquiry against Sub-Engineer had been completed and displeasure had been conveyed to the Project Director. Two XENs and two S.D.Os had been suspended and inquiry was under progress.

739. The Committee advised the Principal Accounting Officer to personally satisfy himself regarding departmental action being taken and ensure that it was finalized within three months and submit report to the Committee.

740. *Loss of Rs. 1,560,781 and blocking of funds amounting to Rs. 6,656,752 in the purchase of steel sheet piles (Para 11, pages 14-15-AR-WAPDA).*—Audit reported that lowest offer of Rs. 13,085 per cent for supply of steel sheet piles was rejected in February, 1984, on the plea that the offer was valid for 21 days only. Tenders were reinvited in April 1984 wherein it was prescribed that the offer would be valid for 20 days only. The lowest rate of Rs. 15,445 per ton was accepted and thus an extra expenditure of Rs. 1,560,781 was incurred due to rejecting the lowest tender in the first instance. Sheet piles worth Rs. 6,656,752 were still lying unused, resulting in blockage of funds.

741. The department explained that the tender was rejected in the first case because the bidder had demanded payment within 10 days. However, in the second tender, WAPDA itself had reduced the time lag. The blockage of funds had been avoided because the piles were being used in Pet Feeder project.

742. The Committee settled the para subject to the observation that the decision was not well-thought and pre-meditated. There was a need to revise relevant procedures and improve planning.

(i) *Lose of Rs. 651,900 due to delay in finalizing a contract (Para 13.1, pages 16-17-AR-WAPDA)*—

(ii) *Extra expenditure of Rs. 192,000 due to delay in finalizing purchase contract (Para 13.2, pages 17-18-AR-WAPDA)*—

(iii) *Non-levy of penalty on a firm for breach of contract (Para 13.4, pages 19-20-AR-WAPDA)*—

743. Audit pointed out that tenders received for supply of electrical meters in Area Electricity Board, Quetta, were not finalized within the validity period in three cases. Material was purchased at higher rates and extra expenditure of Rs. 884,196 was incurred.

744. The department stated that in two cases disciplinary action was being taken against the defaulters while in the third case the material was purchased during 1987-88 and rates of that year could not be compared with the rates of previous year. The Committee accepted the explanation and settled the paras.

745. *Unjustified award of work Rs. 698,357 (Para 17, pages 28—29-AR-WAPDA).*—Audit pointed out that a contract worth Rs. 698,357 was given to an *Ex*-WAPDA employee for services which could have been performed by the WAPDA staff itself. The department explained that the work was awarded to the contractor as there was valid justification. The Committee settled the para.

746. *Extra expenditure of Rs. 318,000 due to ignoring the lowest bid (Para 19, pages 30-31-AR-WAPDA).*—Audit reported that in a project, vehicles were purchased at a higher rate, ignoring the lowest bid which resulted in extra expenditure of Rs. 318,000. An inquiry committee had been formed with the directive to submit its report within one month but no further progress had been intimated. The department informed that the report would be finalized in a month or two. The Committee advised that the report be submitted within two months.

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

748. The Committee then adjourned to meet again at 9.30 A.M. on Thursday, the 9th July, 1992.

KHAN AHMAD GORAYA,
Secretary General.

Islamabad, the 10th December, 1992.

NATIONAL ASSEMLBY SECRETARIAT

Thursday, the 9th July, 1992.
Sixteenth Sitting (PAC)

749. The Public Accounts Committee assembled at 9.30 A.M. in Committee Room No. 2 of the Parliament House, Islamabad to continue the examination of the Federal Government Accounts for 1987-88. The following members attended the meeting:—

Public Accounts Committee:

1.	Mr. Hamza, MNA.	*Chairman*
2.	Sardar Asseff Ahmed Ali, Minister of State for Economic Affairs.	*Member*
3.	Rana Tanveer Hussain, Parliamentary Secretary for Finance.	*Member*
4.	Mr. Liaqat Baluch, MNA.	*Member*
5.	Ch. Muhammad Altaf Hussain, MNA.	*Member*
6.	Mr. Sartaj Aziz, Minister for Finance.	Ex-Officio *Member*

National Assembly Secretariat:

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

Audit:

1. Mr. Muhammad Naseer Ahsan, Auditor-General of Pakistan.
2. Sh. Muhammad Sadiq, Accountant General Pakistan Revenue.
3. Mr. Najm Hosain Syed, Deputy Auditor-General (GA).
4. Mr. Zaheeruddin Jeddy, Deputy Auditor-General (CA&E).
5. Mr. A. R. Arif, Director General (GA).
6. Mr. Irfan Hussain, Director General (CA).
7. Miss. Rubina Mushtaq Siddiqui, Deputy Director (Commercial Audit).
8. Syed Manzoor Ali, Director Audit, Industries Supply and Food.

Ministry of Finance:

1. Mr. M. A. Lodhi, Additional Secretary.
2. Mr. Tanwir Ali Agha, Joint Secretary (Budget).
3. Mr. Habib-ur-Rehman, DFA (Industries).

750. *Accounts Examined*—Accounts pertaining to the Ministry of Industries were examined by the Committee during the meeting.

MINISTRY OF INDUSTRIES

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

1. Mr. T. Z. Farooqui, Secretary.
2. Mr. Jahangir Khan, Deputy Secretary.
3. Mr. Abdul Shakoor Khan, Accounts Officer (F).
4. Mr. S. E. Alam, Acting Chairman, (GCP).
5. Mr. S. N. Abbasi, Director-General (Supplies.)
6. Mr. M. Abdullah Yusuf, Managing Director, (USC.)
7. Mr. Muhammad Zubair Kidwai, Chairman, (EPZA).
8. Mr. Reza H. Syed, Managing Director, (GCP.)

751. This Ministry controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Ministry of Industries.	78
2.	Industries.	79
3.	Department of Investment, Promotion and Supplies.	80
4.	Other Expenditure of Ministry of Industries.	81
5.	Capital Outlay on Miscellaneous Stores.	133
6.	Development Expenditure of Ministry of Industries.	161

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I — 1987-88)

752. *Grant No. 78—Ministry of Industries (Page 250-AA).*—There was an excess of Rs. 519,807 in the grant. The Ministry explained that the technical excess was due to an accounting problem as an excess debit pertaining to Ministry of Railways had been booked against the grant. The Committee recommended the excess for regularization.

753. *Grant No. 79 — Industries (Page 251-AA).*—There was a nominal saving of Rs. 7 in the grant. The Committee did not make any observation.

754. *Grant No. 80—Department of Investment, Promotion and Supplies (Page 252-AA).*—The grant closed with an excess of Rs. 457,387. The Ministry submitted that the excess was caused as some officers were transferred from abroad in emergency and the excess amount was incurred on their TA & DA. The Committee recommended the excess for regularization.

755. *Grant No. 81 — Other Expenditure of Ministry of Industries (Page 253-AA).*—There was a net saving of Rs. 16,432 in the grant. The Committee did not make any observation.

756. *Grant No. 133 — Capital Outlay on Miscellaneous Stores (Page 254-AA).*—The grant registered a net saving of Rs. 223,683. The Committee made no comment.

757. *Grant No. 161 — Development Expenditure of Ministry of Industries (Page 255-AA).*—There was a saving of Rs. 9,742,000 in the grant, but the entire amount was surrendered. The Committee made no observation.

AUDIT REPORT (CIVIL) (VOL. I — 1987-88)

758. *Non-recovery of risk purchase amount of Rs. 7.28 million (Para 1, page 97-AR).*—Audit reported that a firm failed to supply 8,000 bales of jute bags and the contract was cancelled in June 1987 with imposition of penalty of Rs. 8,189,740 upon the firm. Security deposit and earnest money amounting to Rs. 904,770 were forfeited, leaving balance Rs. 7,284,970 recoverable, but law suit was not filed till 1992. The Ministry informed that they had taken up the case with Ministry of Law immediately, but the Law and Justice Division had delayed appointment of counsel. However, since the counsel had been appointed and the suit would be filed after August 1992.

759. The Committee advised the Principal Accounting Officer to examine whether the case had become time-barred and it was still feasible to initiate legal proceedings and incur expenditure in that regard. The Finance Division was asked to investigate whether responsibility for delay in filing the case lay with the Ministry of Industries or Law and Justice Division.

760. The Committee also observed that there was a general feeling in other Ministries as well that Law & Justice Division caused delay in filing suits for recovery of public money. Accordingly, Audit was advised to provide a list of cases involving recovery of public money through legal proceedings which were delayed by the Law & Justice Division.

761. Audit also pointed out that it appeared from the departmental reply submitted in response to the Audit observation in 1990 that another contract had been awarded to the defaulting firm after it had been blacklisted. The Committee took serious note of this observation and advised the Principal Accounting Officer to investigate the matter, In case it was proved, responsibility should be fixed for the lapse and results communicated to the Committee.

762. *Failure in exercising the proper vigilance in the inspection of stores (Para 2, page 98-AR).*—The Committee settled the para subject to the verification by audit of measures undertaken by the Ministry to avoid recurrence of such cases in future.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII — 1987-88)

763. *Loss of Rs. 98.212 due to non-recovery of receivable from ex-employees (Para 39, page 68-ARPSE).*—Audit reported that an employee of an organization did not deposit the amount realized from sale of seeds collected from 1979 to 1985 after which he absconded, with the accumulated amount of Rs. 98,212. After two years the case was referred to FIA in 1987 and after three years a civil suit was filed. No action was taken against the official while he was in service. The Ministry stated that the case had been handed over to FIA after it was pointed out by audit and when FIA did not make any headway, a civil suit was filed.

764. The Committee observed that the Ministry should strengthen the internal audit and also pursue the court case vigorously for recovery.

Investment Advisory Centre of Pakistan

765. *(Para 276, page 198-ARPSE).*—Audit presented the working results of the Centre which showed excess of income over expenditure. The Committee did not make any comments.

Utility Stores Corporation

766. *(Para 277, page 199-ARPSE).*—Presenting working results of the Corporation, Audit reported that from accumulated loss of Rs. 12,521 million in 1987-88 the Corporation had earned accumulated profit of Rs. 40,545 million upto 1990-91.

767. The Committee desired to know the steps taken by the Corporation for this improvement. The departmental representative stated that a reorganization plan was made. The management was based on commercial basis. Over/staffing was minimized. 500 stores were closed because they were not commercially viable. New stores were set up in commercial areas. Super Markets and self-service stores were introduced. Quality and presentation was improved. Aggressive publicity was undertaken. The result of the effort was that sales increased 10 times turning around the economic fortune of the Corporation.

768. The Committee observed that the performance was commendable which indicated that with effective and diligent management, public sector corporations could earn profit. The success story of Utility Stores Corporation was worthy of study by other Corporations. There was a need to objectively review the policies which had been successful and pass them on to other public sector enterprises facing management problems.

Ghee Corporation of Pakistan (Private) Limited.

(i) *A and B Industrial Gases Limited (Paras 282, page 201-ARPSE)—*

(ii) *A and B Oil Industries Limited (Para 285, page 203-ARPSE)—*

(iii) *Asaf industries (Pvt) Limited (Para 289, page 204-ARPSE)—*

(iv) *Associated Industries Limited (Para 292, page 205-ARPSE)—*

(v) *Bengal Vegetable Industries Limited (Para 298, page 207-ARPSE)—*

(vi) *Burma Oil Mills Limited (Para 302, page 209-ARPSE)—*

(vii) *Chiltan Ghee Mills (Para 304, page 210—ARPSE)—*

(viii) *Dargai Vegetable Oil Processing Industries (Para 309, page 212-ARPSE)—*

(ix) *E.M. Oil Mills and Industries Limited (Para 312, page 213—ARPSE)—*

(x) *Fazal Vegetable Ghee Mills Limited (Para 315, page 215—ARPSE)—*

(xi) *Haripur Vegetable Oil processing Industries (Para 319, page 217-ARPSE)—*

(xii) *Hydari Industries Limited (Para 322, page 218-ARPSE)—*

(xiii) *Kakakhel Industries Limited (Para 324, page 219-ARPSE)—*

(xiv) *Khyber Vegetable Ghee Mills (Pvt) Limited (Para 327, page 220-ARPSE)—*

(xv) *Kohinoor Oil Mills Limited (Paras 328-329, page 221-ARPSE)—*

(xvi) *Maqbool Company Limited (Para 331, page 222-ARPSE)—*

(xvii) *Marafco Industries Limited (Para 336, page 224-ARPSE)—*

(xviii) *Punjab Vegetable Ghee and Vegetable Mills Limited (Para 340, page 225-ARPSE)—*

(xix) *Sheikh Fazal Rehman and Sons Limited (Para 342, page 226-ARPSE)—*

(xx) *Suraj Ghee Industries Limited (Para 345, page 228-ARPSE)—*

(xxi) *United Industries Limited (Para 348, page 229-ARPSE)—*

(xxii) *Universal Oil and Vegetable Ghee Mills Limited (Para 353, page 231-ARPSE)—*

(xxiii) *Wazir Ali Industries Limited (Para 356, page 233-ARPSE)—*

769. Audit reported working results of the Corporation which controlled 26 ghee units. The Corporation sustained operating loss of Rs. 124.448 million during 1987-88 due to abnormal increase in operating expenses and net loss of Rs. 70.4499 million. 14 units sustained loss of Rs. 140.194 million and 10 units earned profit of Rs. 71.555 million. Thus there was a net deficit of Rs. 68.639 million and accumulated loss was Rs. 404.234 million. In 1990-91, 16 units sustained net loss of Rs. 225.481 million and 6 units earned a profit of Rs. 63.869 million. 10 units were continuously incurring losses.

770. The department submitted that the GCP had faced some basic problems since its inception which included gross overstaffing after nationalization and lack of freedom to fix prices. The prices at time were highly unrealistic. The current selling price of Corporation ghee at Rs. 18.50 per Kg was roughly 3 to 4 rupees per kilo lower than the price of comparable products. The GCP was, however, instrumental in realizing an important social objective of control of prices of a basic commodity and control of black marketing. Regarding privatization it was stated that the Prime Minister's Privatization Commission was taking steps to accelerate the process. The Corporation, however, felt that the first priority should be to dispose of loss making units, otherwise pressure on exchequer would increase. A case for rationalizing of prices had been taken up with ECC. It was also observed that the benefit of lower prices was unfortunately being taken away by the middle men who were selling ghee at higher rates in the market. The policy as such was unrealistic.

771. The Committee expressed dis-satisfaction at the performance of GCP and observed that since the benefit of less ghee price fixed by GCP was not being passed on to the consumers and was being netted by the middle men, the government may adopt a realistic policy in this regard. This would also benefit the loss making units. Regarding privatization of units it was advised that efforts be intensified to privatize the units incurring continuous losses.

772. *E.M. Oil Mills. (Para 314, page 214-ARPSE).*—Audit pointed out that E.M. Oil paid Rs. 4.953 million as bonus to the staff during 1987-88 despite a loss of Rs. 22.889 million in 1987-88 and persistent losses in subsequent years as well.

773. The department stated that there were miximum number of employees in the unit and its production was exteremely low. The bonus was given because employees had approached the National Industrial Relations Commission which directed that bonus be paid. However, it was acknowledged that the GCP should have filed appeal against the decision. The Committee observed that the only way out seemed to be privatization of the chronically sick unit as early as possible.

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

775. The Committee then adjourned to meet again at 9.30 A.M. on Monday, the 13th July, 1992.

KHAN AHMAD GORAYA,
Secretary General.

Islamabad, the 10th December, 1992

NATIONAL ASSEMBLY SECRETARIAT

Monday the 13th July, 1992.
Seventeenth Sitting (PAC)

776. The Public Accounts Committee assembled at 9.30 A.M. in Committee Room No. 2 of the Parliament House, Islamabad to continue the examination of the Federal Government Accounts for 1987-88. The following members attended the meeting:--

Public Accounts Committee:

1.	Mr. Hamza, MNA.	*Chairman*
2.	Sardar Asseff Ahmed Ali, Minister of State for Economic Affairs.	*Member*
3.	Rana Tanveer Hussain, Parliamentary Secretary for Finance.	*Member*
4.	Mr. Liaqat Baluch, MNA.	*Member*
5.	Mr. Sartaj Aziz, Minister for Finance.	*Ex*-Officio *Member*

National Assembly Secretariat:

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

Audit:

1. Mr. Muhammad Naseer Ahsan, Auditor-General of Pakistan.
2. Sheikh Muhammad Sadiq, Accountant General Pakistan Revenues.
3. Mr. Najm Hosain Syed, Deputy Auditor General (GA).
4. Mr. Zaheeruddin Jeddy, Deputy Auditor-General (CA&E).
5. Mr. A.R. Arif, Director General (GA).
6. Mr. Irfan Hussain, Director General (CA).
7. Mr. Niamatullah Abid, Director General (PEC).
8. Miss. Rubina Mushtaq Siddiqui, Deputy Director (Commercial Audit).

Ministry of Finance:

1. Mr. M.A. Lodhi, Additional Secretary.
2. Mr. Habib-ur-Rehman Khan, DFA (Production).
3. Mr. Muhammad Aslam, Accounts Officer.

777. *Accounts Examined.*—Accounts pertaining to the Ministry of Production were examined by the Committee during the meeting.

MINISTRY OF PRODUCTION

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

1. Mr. Tariq Mustafa, Secretary.
2. Mr. Ijaz Ahmad, Additional Secretary.
3. Mr. Shamim Ahmed Khan, Additional Secretary.
4. Dr. Mutawakkil Kazi, Joint Secretary.
5. Mr. Muhammad Yaqoob, Accounts Officer.
6. Lt. General Agha Nek Muhammad Khan, Chairman (NFC).
7. Lt. General Sabeeh Qamaruzzaman, Chairman, (Pakistan Steel).
8. Dr. M. Akram Sheikh, Chairman (SEC).
9. Mr. Zaheer Sajjad, Chairman (SCCP).
10. Mr. Asif Ali Shah, Chief (EAC).
11. Mr. I. Mehdi, General Manager (EA/MIS).
12. Mr. Muhammad Aslam, General Manager, Finance (FCCCL).

779. This Ministry controlled the following grants:—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Production.	111
2.	Capital Outlay on Industrial Development.	189

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1987-88)

780. *Grant No. 111—Ministry of Production (Page 338-AA).*—The grant closed with an excess of Rs. 2,410, 491. The Ministry's explanation that the excess occurred due to fluctuation of foreign exchange rate in payment of loan, was accepted by the Committee and regularization of excess was recommended.

781. *Grant No. 189—Capital Outlay on Industrial Development (Page 339-AA).*—The grant registered an excess of Rs. 1,389,000, which, according to audit, was caused by double booking of an amount. The Committee recommended regularization of excess.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (Vol. VIII—1987-88)

(i) *Federal Chemical and Ceramics Corporation (Pvt.) Limited (Paras 484, page 279-ARPSE)—*

(ii) *Antibiotic (Pvt) Limited (Para 487, page 281—ARPSE)—*

(iii) *Ittehad Chemicals (Para 492, page 283—ARPSE)—*

(iv) *Ittehad Pesticides (Para 496, page 285—ARPSE)—*

(v) *Khurram Chemical Company (Private) Limited (Para 501, page 286-ARPSE)—*

(vi) *National Fibers Limited (Para 508, page 289-ARPSE)—*

(vii) *Nowshera D.D.T. Factory (Para 510, page 290-ARPSE)—*

(viii) *Nowshera P.V.C. Company (Pvt.) Limited (Para 520, page 292-ARPSE)—*

(ix) *Pak Dyes and Chemicals Limited (Para 527, page 294-ARPSE)—*

(x) *Pakistan P.V.C. Limited (Para 531, page 296-ARPSE)—*

(xi) *Ravi Engineering Limited (Para 534, page 297-ARPSE)—*

(xii) *Ravi Rayon Limited (Para 538, page 298-ARPSE)—*

(xiii) *Sindh Alkalies Limited (Para 542, page 300-ARPSE)—*

(xiv) *Swat Ceramics Company (Pvt) Limited (Para 544. page 302-ARPSE)—*

(xv) *Swat Elutriation Plant (Para 550, page 304-ARPSE)—*

782. Audit presented working results of the Corporation which stated that out of 14 units, 7 sustained losses of Rs. 44.878 million and remaining 7 units earned profits of Rs. 207.251 million during 1987-88. Nine units of FCCCL had accumulated loss of Rs. 221.680 million as on June 30, 1991. Three profit earning units of the Corporation had been privatized.

783. The Ministry explained that some units of the Corporation, nationalized in 1970s, were sick units from the very start. Some units established later were in remote areas. There were problems of overstaffing and labour as well. The Committee observed that measures to privatize sick units should be expedited to get rid of the recurring loss to public exchequer.

Nowshera PVC Company (Pvt) Limited.

784. *Blockage of Funds (Para-60, pages 86-87-ARPSE).*—Audit reported that Nowshera PVC Company imported machinery worth Rs. 700,888 in 1981, which was lying un-utilized and the funds had been blocked. The department replied that the machinery had been transferred to another unit where it had been utilized. Audit was asked by the Committee to verify the position and the para was settled.

(i) *National Fertilizer Corporation of Pakistan (Pvt.) Limited (Para 555, 305-ARPSE)—*

(ii) *Fertilizer Research and Development Institute (Pvt) Limited (Para 558, page 306—ARPSE)—*

(iii) *Hazara Phosphate Fertilizers (Pvt) Limited (Para 559, page 307ARPSE)—*

(iv) *Layallpur Chemicals and Fertilizers Limited (Para 563, page 308-ARPSE)—*

(v) *NFC Technical Training Centre (Pvt) Limited (Para 565, page 310—ARPSE)—*

(vi) *National Fertilizer Marketing Limited (Para 567, page-311-ARPSE)—*

(vii) *Pak American Fertilizers Limited (Para 575, page 313-ARPSE)—*

(viii) *Pak-Arab Fertilizers (Pvt) Limited (Para 578, page 315-ARPSE)—*

(ix) *Pak-China Fertilizers Limited (Para 581, page 317-ARPSE)—*

(x) *Pak-Saudi Fertilizers Limited (Para 584, page 318-ARPSE)—*

785. Audit presented the working results of National Fertilizer Corporation which indicated that out of its six units to *viz.* Lyallpur Chemicals, Pak Saudi Fertilizer earned profits in the year 1987-88 to 1990-91. Pak Arab Fertilizer also earned profits in the years 1987-88 to 1990-91 except 1988-89, while the other three units *viz.* Pak China Fertilizer, Pak American Fertilizer and Hazara Phosphate had incurred losses.

786. The department explained that urea units were making profit while the phosphate units were earning losses because the local phosphate was not of standard quality. In case of Hazara Phosphate the Sarhad Development Authority had committed before ECNEC to provide 60,000 tons rock phosphate annually on the basis of a feasibility prepared by their consultants. Non-provision of the ore of required quality was the basic reason why the unit was incurring losses.

787. The Committee expressed displeasure over the fact that the feasibility prepared by the NWFP government was accepted by the Corporation without further verification and made the basis of project planning. It was observed that the commitment obtained from the Sarhad Development Corporation should have been assured. Recording its displeasure the Committee observed that the loss would unfortunately continue because the entire project was based on a faulty premise.

National Fertilizer Marketing Limited.

788. *Loss of Rs. 182,656 due to shortage on account of 1447 bags of rain affected urea (Para 62, pages 88-89-ARPSE).*—Audit reported that 6,676 bags of urea weighing 50 kgs each were damaged due to floods/heavy rains in July, 1983. Shortage of 1,427 bags occurred during rebagging, causing a loss of Rs. 182,656. Insurance claim had been was rejected being time-barred as the Ministry took ten months to prepare statement of loss.

789. The Ministry stated that Rs. 141,000 had been recovered and claim of Rs. 31,658 had not been admitted. The Committee settled the para subject to verification by audit.

Pakistan Automobile Corporation Limited.

(i) *Blockage of Funds of Rs. 663,251 due to unnecessary purchase of Agricultural Implements (Para 63, page 89-ARPSE)—*

(ii) *Pakistan Automobile Corporation (Para 587, page 319-ARPSE)—*

(iii) *Balochistan Wheels Limited (Para 590, page 320-ARPSE)—*

(iv) *Bela Engineering Limited (Para 595, page 322-ARPSE)—*

(v) *Bolan Castings Limited (Para 597, page 324-ARPSE)—*

(vi) *Millat Tractors Limited (Para 600, page 326-ARPSE)—*

(vii) *National Motors Limited (Para 605, pages 328-329-ARPSE)—*

(viii) *Naya Daur Motors (Pvt) Limited (Para 608, page 330-ARPSE)—*

(ix) *Pakistan Motor Car Company (Pvt) Limited (Para 613, page 332-ARPSE)—*

(x) *Pak Suzuki Motors Company Limited (Para 615, page 333-ARPSE)—*

(xi) *Republic Motors (Pvt) Limited (Para 618, page 334-ARPSE)—*

(xii) *Sind Engineering (Pvt) Limited (Para 621, page 335-ARPSE)—*

(xiii) *Trailer Development Corporation (Pvt.) Limited (Para 625, page 336-ARPSE)—*

790. The Committee deferred the examination of these paras because the Chairman PACO was not present in the meeting. Serious notice of the absence without prior intimation was taken by the Committee.

(i) *Pakistan Industrial Development Corporation (Pvt.) Ltd. (Para 631. page 338-ARPSE)—*

(ii) *Dir Forest Industries Complex (Pvt) Limited (Para 637, page 340-ARPSE)—*

(iii) *Harnai Woollen Mills Limited (Para 639, page 341-ARPSE)—*

(iv) *Indus Steel Pipes Limited (Para 642, page 343-ARPSE)—*

(v) *PIDC Cotton Ginning (Para 645, page 345-ARPSE)—*

(vi) *PIDC Medical Centre (Para 650, page 346-ARPSE)—*

(vii) *PIDC Printing Press (Pvt) Limited (Para 652, page 349-ARPSE)—*

(viii) *PIDC Talpur Textiles (Pvt) Limited (Para 655, page 350-ARPSE)—*

(ix) *Pak-Iran Textiles (Pvt) Limited (Para 659, page 351-ARPSE)—*

(x) *Quaidabad Woollen Mills Limited (Para 664, page 352-ARPSE)—*

(xi) *Specialized Refractory Project (Para 666, page 353-ARPSE)—*

791. Presenting the working results of Pakistan Industrial Development Corporation, audit pointed out that all units of PIDC sustained losses or earned nominal profits during 1987-88 to 1990-91. Operations of seven units remained suspended during 1987-88.

792. The Ministry explained that the performance of PIDC had started deteriorating after nationalization in 1972 when different profitable units were assigned to newly created Corporations and remaining units came to PIDC which were operating in loss. A profitable unit, Quaid Abad Woollen Mills, had been privatized. Pak Iran Textiles Ltd. had been closed since long. Now the Iranian Government had again committed to contribute their share and to send directors, as such the units was expected to start functioning in the next six months. Efforts were being made to privatize Dir Forest Industries Complex. Zulfiqar Ali Bhutto Textile Mills, Shahdad Kot, was facing law and order problems and management was also inefficient.

793. The Committee observed with concern the continued losses in all the PIDC units and felt that mis-management was a major contributing factor. The Ministry was advised to explore the possibility of making Zulfiqar Ali Bhutto Textile Mills, Shahdad Kot, profitable. It was also observed that the major objectives of privatization could be achieved only if sick units were also disposed of alongwith profitable units which are being privatized at a comparatively faster pace. There was a need to review the policy and to disinvest sick units on a priority basis.

(i) *State Cement Corporation of Pakistan (Pvt.) Ltd. (Para 670, page 354-ARPSE)—*

(ii) *Associated Cement (Para 673, page 356-ARPSE)—*

(iii) *D.G. Khan Cement Company Limited (Para 678, page 358-ARPSE)—*

(iv) *General Refractories Limited (Para 680, page 359-ARPSE)—*

(v) *Gharibwal Cement Limited (Para 683, page 360-ARPSE)—*

(vi) *Javedan Cement Limited (Para 685, page 361-ARPSE)—*

(vii) *Kohat Cement Company Limited (Para 691, page 363-ARPSE)—*

(viii) *Maple Leaf Cement Factory Limited (Para 699, page 365-ARPSE)—*

(ix) *Mustehkam Cement Limited (Para 700, page 366-ARPSE)—*

(x) *National Cement Industries (Pvt) Limited (Para 705, page 368-ARPSE)—*

(xi) *Pak Cement Company Limited (Para 710, page 370-ARPSE)—*

(xii) *Thatta Cement Company Limited (Para 712, pages 371-372-ARPSE)—*

(xiii) *White Cement Industries (Pvt.) Limited (Para 718, page 373-ARPSE)—*

(xiv) *Zeal Pak Cement Factory Limited (Para 720, page 374-ARPSE)—*

794. Audit presented the working of the Corporation and pointed out that out of 13 cement companies/units, 11 earned profit of Rs. 461,777 million in 1987-88 and the remaining two sustained losses of Rs. 28,697 million. National Cement and Thatta Cement also sustained losses in 1990-91 amounting to Rs. 213.183 million.

795. The Ministry stated that National Cement was incurring losses due to antiquated machinery. Consequently, it had been decided to close it down. Javedan Cement was also incurring losses but its plant could not be discarded as it was comparatively new. It was expected that Thatta Cement would make up its losses in the coming years. On a query regarding unrest of officers of the Corporation, the Ministry informed that the officers were demanding that they may be given gratuity at the same rate as was applicable to the labourers which was not possible due to financial constraints.

796. The Committee recommended that due compensation to officers of the units being privatized may be considered, keeping in view the overall perspective of the financial position, but under a policy which, preferably, was even handed. Regarding privatization, observations made earlier were reaffirmed.

797. *Loss of Rs. 49.730 million due to inordinate delay in settlement of dues for the purchase of associated cement undertakings (Para 70, pages 95-96-ARPSE).*—Audit reported that an agreement for purchase of Associated Cement's two factories in Pakistan was executed by the former government of West Pakistan with A.C.C. Bombay (India) in 1965 at the cost of Rs. 21.674 million. Two installments totalling Rs. 7.082 million were withheld by the management of A.C.C. Pakistan pending finalization of income tax deduction @ 5% from the company. The A.C.C. Bombay filed a civil suit in Bombay High Court who awarded decree in their favour and an amount of Rs. 31.96 million was recovered from the guarantor (City Bank Bombay). The City Bank Bombay in turn recovered the amount from Habib Bank Limited, a counter guarantor. Thus in the deal A.C.C. Pakistan incurred loss of Rs. 49,730 million (Rs. 20.841 million + Rs. 28.889 million interest @ 14% per annum). The interest charges were incurred due to delay in getting a decision between 1992 and 1987 on the charges to be paid to Habib Bank Limited. The matter was neither investigated nor any responsibility was fixed.

798. The Ministry explained that the payment of last instalment was delayed due to war with India in 1971 while it was viewed as enemy property. The Ministry had also tried to get the payment to Habib Bank waived but the Finance Division did not agree to it. Hence the delay in payment. The Committee observed that a substantive amount was lost due to delayed decision-making at inter-ministerial level in which the Finance Division also shared considerable responsibility.

799. *Irregular payment of Rs. 500,000 to a retired sportsman for his benefit match (Para 71, page 97-ARPSE).*—Audit reported that a sum of Rs. 500,000 was paid to a retired cricketer in connection with his benefit match. Neither the match was played nor the amount was recovered. The department explained that the then Minister for Production had directed the Corporation to spend Rs. 500,000 for the benefit of the retired cricketer. The Corporation had spent the amount out of budget for advertisement and publicity was expected if the match had been played which would have justified the

transaction. Unfortunately the match was not played and the money was directly handed over to the cricketer. After the match could not be played the Corporation had filed a civil suit for recovery.

800. The Committee observed that the initial orders of giving a substantial amount to the retired cricketer had favoured an individual at the cost of public exchequer. The manner in which the orders were implemented was also deplorable. The money should not have been handed over to the individual. The Ministry was directed to vigorously pursue the civil suit and to examine the prospects of initiating criminal proceedings against the person involved. The Committee allso advised that its concern may be conveyed to the then Minister for Production.

801. *Irregular payment of allowance to officers of Associated Cement Wah amounting to Rs. 448,757 (Para 73, pages 98-99-ARPSE).*— Audit pointed out that Associated Cement paid site allowance to its officers and executives @ 10% of their basic pay during 1982 to 1985 amounting to Rs. 448,757 in violation of Finance Division's orders. The Ministry explained that the decision was taken by the Chairman State Cement Corporation as the officers had demand that they may also be given this allowance like the officers in other cement units.

802. The Committee took serious note of the fact that the allowance was paid despite clear government orders against such payments. The Corporation was advised to send a consolidated case to Finance Division for regularization of the past irregularity.

803 *Loss of Rs. 4.640 million on account of compensation and insurance charges paid to a firm due to defective contract (Para 74, page 99-ARPSE).*— Audit reported that Kohat Cement Ltd. had to pay Rs. 4.640 million to a firm as compensation for delay in mobilization of its resources due to late supply of machinery by the Romanian suppliers. The Ministry informed that later Rs. 6 million had been recovered from the Romanian firm which had caused the delay. The Committee settled the para subject to verification. by Audit.

(i) *Heavy Foundry and Forge Engineering (Pvt) Limited (Para 724, page 376—ARPSE)—*

(ii) *Heavy Mechanical Complex (Pvt) Limited (Para 729, page 378-ARPSE)—*

(iii) *Karachi Pipe Mills Limited (Para 736, page 380-ARPSE)—*

(iv) *Metropolitan Steel Corporation Limited (Para 739, page 381-ARPSE)—*

(v) *Pakistan Engineering Company Limited (Para 744, page 384-ARPSE)—*

(vi) *Pakistan Machine Tool Factory (Pvt) Limited (Para 748, page 386-ARPSE)—*

(vii) *Pakistan Switch Gear Limited (Pvt) Limited (Para 751, page 387-ARPSE)—*

(viii) *Pioneer Steel Mills (Pvt) Limited (Para 754, page 390-ARPSE)—*

(ix) *Quality Steel Works Limited (Para 757, page 392-ARPSE)—*

(x) *Spinning Machinery Company of Pakistan (Pvt) Limited (Para 762, page 394-ARPSE)—*

(xi) *Textile Winding Machinery Company (Pvt) Limited (Para 764, page 396-ARPSE)—*

804. Audit presented a summary of the working results of State Engineering Corporation. Six companies sustained losses of Rs. 203,461 million and the remaining five earned profit of Rs. 89.501 million in 1987-88. In 1990-91 seven units incurred losses of Rs. 307.087 million and one unit *i.e.*

Pakistan Machine Tool Factory earned profit of Rs. 27.275 million. Four units have since been privatized.

805. The Ministry explained that in case of textile engineering units, mill owners preferred to import textile machinery instead of buying local made machinery. The Units of general engineering were making spares for Pakistan Steel and foreign exchange was being saved, but the basic objective of manufacturing textile and other engineering machinery could be met due to excessive imports. 90% of our imports bill pertained to engineering goods which was hindering our national development. Recently some long term plans had been made to boost engineering industry and its importance had been acknowledged. Joint ventures were being undertaken in collaboration with developed countries.

806 The Committee observed that the importance of engineering industry could not be ignored because Pakistan cannot survive without it. However, there was a need to ensure quality of international standards and to keep prices competitive. The government should take timely decisions and clear uncertainties. Incentives should be given and losses minimized.

807. *Loss of Rs. 23.298 million due to rejection of finished and semi-finished material (Para 75, page 100-ARPSE).*—Audit pointed out that HFF Taxila completed certain job orders during 1984-85, out of which goods worth Rs. 11.884 million were rejected and returned while semi-finished material worth Rs. 11.414 million was rejected as shop rejection resulting in substantial loss to HFF.

808. The department stated that rejections were normal in every foundry, not only in Pakistan but also in similar units in foreign countries. However, the ratio had since been considerably reduced from 35 % to 45 %. The Committee settled the para subject to verification of improvement in ratio of rejection by audit.

809. *Blockage of funds amounting to Rs. 9.337 million due to manufacturing of sugar plant and its spares without order (Para 76, pages 100-101-ARPSE).*—Audit reported that a mini sugar plant prepared without order and other finished goods were lying undisposed in HFF. The department informed that order had subsequently been received and the bulk of these goods would be disposed of. The Committee settled the para subject to verification by audit.

810. *Blockage of funds amounting to Rs. 1.970 million on the procurement of imported steel bars lying unconsumed (Para 77, pages 101-102-ARPSE).*—Audit pointed out that steel bars worth Rs. 1.970 million were lying unconsumed in HFF. The Ministry informed that the bars would hopefully be consumed in the next 12 months. The Committee settled the para subject to verification by audit.

811. *Loss of Rs. 14.5 million due to manufacturing faults and compensation for damages during warranty period of a plant. (Para 78, pages 102-103-ARPSE).*—Audit reported that HMC delayed manufacture of a plant by 36 months and Rs. 14.5 million were paid for defective supplies and delay. The Ministry explained that this was the first experience, therefore problems were caused but the experience proved useful subsequently. The Committee settled the para.

812. *Non-recovery of Rs. 1.494 million from a private party (Para 79, page 103-ARPSE).*—Audit pointed out that PECO supplied some items to a private party in 1978 without any advance payment, security or written agreement. The amount of Rs. 1.494 million could not be recovered and the matter was pending in a court of law. The Ministry submitted that Audit's point of view was valid but investigation at this belated stage would not be useful.

813. The Committee advised that responsibility may be fixed even at this belated stage and action taken against the person(s) held responsible to serve as warning to others.

814. *Loss of Rs. 0.294 million on the sale of raw material (Steel Strips) (Para 80, page 104-ARPSE).*—Audit reported that Pioneer Steel Mills sold steel strips, imported at a cost of Rs. 1.681

million in 1984 to a private party for Rs. 1.387 million in 1986. Thus a loss of Rs. 0.294 million was incurred.

815. The department submitted that the material was disposed of when it was felt that it had been blocked and could not be utilized. The Committee advised that the matter be investigated and responsibility fixed for the loss.

(i) *State Petroleum Refining and Petro-Chemical Corporation (Pvt) Limited (Para 768, page 398-ARPSE)*

(ii) *Enar Petrotech Services (Pvt) Limited (Para 772, page 400-ARPSE)*—

(iii) *National Petrocarbon (Pvt) Limited (Para 775, pages 402-403-ARPSE)*—

(iv) National Petroleum Limited (Para 779, page 404-*ARPSE)*—

(v) *National Refinery Limited (Para 781, page 405-ARPSE)*—

816. Audit presented the working results of State Petroleum Refining and Petrochemical Corporation. All the units earned profit during 1990-91. Another unit National Petroleum Limited was incorporated in 1983 and the establishment of the hydrocracker project was approved as a joint venture. An expenditure of Rs. 305.708 million has so far been incurred but the project was still at a preliminary stage.

817. The department informed that the project was being handed over to private sector and the expenditure of Rs. 305 million incurred so far was being treated as public investment. The project was expected to take off in the near future. The Committee made no observation.

818. *Loss of Rs. 0.340 million on account of sale against post-dated cheques (Para 82, pages 105-106-ARPSE)*—Audit pointed out that National Petroleum Limited sold asphalt worth Rs. 0.340 million to a private party during 1985-86 against post-dated cheques which were dishonoured. FIR was lodged after two years.

819. The department explained that credit sales were done to promote sales in Northern Areas. The FIR was lodged late because it was expected that the party would make payment. The amount had been written off. The Committee expressed displeasure at the decision which had caused loss of public money. The write-off was also done hastily without exhausting possibilities of recovery.

Pakistan Steel Mills Corporation Limited

820. *(Paras 2-3, page 21-ARPSE).*—Audit reported the management of Pakistan Steel failed to submit the accounts to audit by 15th January,1992. The Ministry committed to submit accounts in time in future. The Chairman Steel Mills stated that the conditions had improved in the Mills considerably. Loss had been controlled. The break-even would be hopefully achieved by next year despite the fact that there were 10,000 surplus workers. Production achieved a record level in 1991-92. Payment of overtime and medical allowance had been controlled. All this was achieved with the help of Federal and Provincial governments. However, if duty on scrap was introduced again, it would further boost the income of the Mills.

821. The Committee expressed satisfaction at improvement in the performance of the Mill and attributed it to the commendable efforts of the new management. However, the Committee observed that simultaneous attention was required towards other aspects of the unit which above all included

making it technically and financially viable. Various policy options were available, but there was need for timely decisions to prevent the good work already done from going waste. Finance Division was advised to take early decision regarding financial requirements of the major national unit.

822. *Loss of Rs. 10.847 milion due to non-recovery of material weighing 1697, 404 M. Tons from outside fabricators (Para 64, page 90-ARPSE).*—Audit pointed out that material weighing 1697.404 M. Tons valuing Rs. 10.847 million was neither recovered from private fabricators nor its accounts were reconciled.

823. The department submitted that the bulk of material had been recovered and only less than Rs. 400,000 were outstanding. The Committee settled the para subject to audit verification.

824. *Infructuous expenditure of Rs. 9.714 million (Para 65, pages 90-91-ARPSE).*—Audit reported that Pakistan Steel spent Rs. 9.714 million on preparation of feasibility report for purchase of a 200 MW plant for electricity generation. But later the scheme was ruled out nad the expenditure on feasibility was wasted.

825. The department explained that one Minister for Production had decided that the plant would be installed but subsequently the incumbent Minister for Production had decideed that the plant was not needed and the feasibility report had been handed over to WAPDA. The amount had been written off. The Committee settled the para.

826. *Unjustified payment of incentive commission amounting to Rs. 7.797 million to dealers (Para 66, page 92-ARPSE).*—Audit pointed out that as per sales policy, Pakistan Steel was to pay incentive commission on cash payment in one calendar month if sales were more than 500 M. Tons. But Rs. 7.797 million were paid as commission to dealer who lifted quantities below 500 M. Tons per month which was unjustified.

827. The department stated that in all cases commission was given on purchases exceeding 500 M. Tons. The Committee settled the para subject to verification by audit.

828. *Loss of Rs. 185,908 due to shortage of store and blockage of funds to the tune of Rs. 4.497 million (Para 67, pages 92-93-ARPSE).*—Audit reported that out of 82,000 Kgs copper phosphorous alloy, valuing Rs. 4.497 million, purchased during August 1982 to October 1983, only 992.5 Kgs were consuemd upto February, 1985. Moreover, during physical verification, 3390.5 Kgs. valuing Rs. 185,908 were found short in April 1986.

829. The department informed that the alloy had been fully utilized in the subsequent years. Three persons responsible for the shortage had been dismissed. The Committee settled the para.

Pakistan Institute of Management

830. *Working results of the Institute (Para 481, page 278-ARPSE).*—Audit reported working results of Pakistan Institute of Management which had been incurring losses during 1987-88 to 1990-91. The Committee settled the para on the assurance of the Ministry that the Institute was doing an important work of training managers in public and private sectors and on being informed that efforts were being made to make the institute self-sufficient.

PERFORMANCE EVALUATION OF PUBLIC ENTERPRISES (VOL. IX-B — 1989)

(i) *Performance Evaluation Report on Signalling System of the Experts Advisory Cell, Islamabad, (Paras 1.1 to 8.2, pages 4-31-PEPE)—*

(ii) *Performance Evaluation Report on Heavy Foundry and Forge Engineering (Pvt) Limited, Taxila (Paras 1.1 to 10.2, pages 58—86-PEPE)—*

(iii) *Performance Evaluation Report on Dandot Cement Company Limited, Dandot (Paras 1.1 to 9.7, pages 105-131-PEPE)—*

(iv) *Performance Evaluation Report on Heavy Mechanical Complex (Pvt) Limited, Taxila (Paras 1.1 to 10.1, pages 150—175-PEPE)—*

831. A Committee comprising Joint Secretary (Planning), Ministry of Production (Convener), Financial Adviser, Ministry of Production and Director-General Performance Evaluation Cell, Department of the Auditor-General of Pakistan was constituted to consider the above mentioned Performance Evaluation Reports and submit report to the Committee.

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

833. The Committee then adjourned to meet again at 9.30 A.M. on Tuesday, the 14th July, 1992.

KHAN AHMAD GORAYA,
Secretary General.

Islamabad, the 10th December, 1992.

NATIONAL ASSEMBLY SECRETARIAT

Tuesday, the 14th July, 1992.

Eighteenth Sitting (PAC)

834. The Public Accounts Committee assembled at 9.30 A.M. in Committee Room No. 2 of the Parliament House, Islamabad to continue the examination of the Federal Government Accounts for 1987-88. The following members attended the meeting:—

Public Accounts Committee:

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

National Assembly Secretariat:

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

Audit:

1. Mr. Muhammad Naseer Ahsan, Auditor-General of Pakistan.
2. Sh. Muhammad Sadiq, Accountant General Pakistan Revenue.
3. Mr. Najm Hosain Syed, Deputy Auditor General (GA).
4. Mr. Zaheeruddin Jeddy, Deputy Auditor General (CA&E).
5. Mr. A. R. Arif, Director General (GA).
6. Mr. Irfan Hussain, Director General (CA).
7. Mr. Shamim Haider, Director General Audit (Federal Govt.)
8. Mr. Niamatullah Abid, Director General (PEC).
9. Miss. Rubina Mushtaq Siddiqi, Deputy Director (Commercial Audit).
10. Mr. Muhammad Ayub Khan Tarin, Director Foreign Audit.

Ministry of Finance:

1. Mr. M. A. Lodhi, Additional Secretary.
2. Mr.Tanwir Ali Agha, Joint Secretary (Budget).
3. Mr. Muhammad Ismail Maarif, F.A. (Cabinet).
4. Mr. Shafiqullah Khan, DFA (Cabinet).
5. Mrs. Sohaila Mushtaq, DFA (Foreign Affairs).

835. *Accounts Examined.*—Accounts pertaining to the following Ministries/Division were examined by the Committee during the meeting:—

1. Ministry of Petroleum and Natural Resources.
2. Ministry of Foreign Affairs.
3. Cabinet Division.

MINISTRY OF PETROLEUM AND NATURAL RESOURCES

836. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Ministry of Petroleum and Natural Resources. The following departmental representatives were present:—

1. Mr. Kunwar Idrees, Secretary.
2. Mr. M. Zafar Khattak, Joint Secretary.
3. Dr. Shahid K. Haq, MD (PARCO).
4. Dr. N. A. Bhatti, MD (GEMCP).
5. Mr. Yaqoob Bizenjo, MD (RDC).
6. Mian Muhammad Farid, MD (PSO).
7. Mr. A. R. P. Memon, DG (Oil).
8. Dr. Gulfaraz Ahmed, Chairman (OGDC).
9. Mr. Safdar Ali Shah, Chairman (PMDC).
10. Mr. Muhammad Nawaz Khan, DG (Minerals).
11. Mr. Hilal A. Raza, DG (HDIP).
12. Dr. Farhat Hussain, DG (GSP).
13. Mr. S. M. Barohi, Chief Accounts Officer (GSP, Quetta).
14. Mr. Saifullah Khan Sherwani, GM (F) (RDC).

837. This Ministry controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Ministry of Petroleum and Natural Resources.	106
2.	Geological Survey.	107
3.	Other Expenditure of Ministry of Petroleum and Natural Resources.	108
4.	Development Expenditure of Ministry of Petroleum and Natural Resources.	166
5.	Capital Outlay on Petroleum and Natural Resoruces.	187
6.	Capital Outlay on Mineral Development.	188

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I — 1987-88)

838. *Grant No. 106, Ministry of Petroleum and Natural Resources, (Page 318-AA).*—There was a net saving of Rs. 501,281 in the grant while a supplementary grant of Rs. 1,000 was obtained. The Committee desired to know the reason for obtaining supplementary Grant of Rs. 1,000 only. The representative of Finance Division explained that this was a token grant which was obtained to make a particular head operative against which originally no budget was allocated. The Committee made no other observation.

839. *Grant No. 107—Geological Survey of Pakistan (Page 319-AA).*—There was an excess of Rs. 1,473,996 in this grant. The Ministry submitted that they had been given a supplementary grant but it could not be included in the accounts and excess was registered. The Committee recommended regularization of the excess.

840. *Grant No. 108 — Other Expenditure of Ministry of Petroleum and Natural Resources (Page 320-AA)*—The grant closed with a net saving of Rs. 3,981,000. The Committee did not make any observation.

841. *Grant No. 166—Development Expenditure of Ministry of Petroleum and Natural Resources (Page 321-AA)*—There was a saving of Rs. 4,550 in the grant. The Committee made no comment.

842. *Grant No. 187—Capital Outlay on Petroleum and Natural Resources (Page 322-AA).*—The grant registered a net saving of Rs. 309,638. The Ministry explained that this saving included the amount of foreign exchange which was spent by the donor agency but could not be indicated in the accounts as its intimation was not received in time. The Committee did not offer any comments.

843. *Grant No. 188—Capital Outlay on Mineral Development (Page 326-AA).*—There was a net saving of Rs. 55,916,932 in the grant. The Committee accepted the Ministry's explanation that this amount was to be received as foreign aid which did not arrive during the financial year.

AUDIT REPORT (CIVIL) (VOL. I — 1987-88)

844. *Performance Audit Report on Biogas Development Project (Paras 1.1 to 3.3, pages 119-125-AR).*—Audit presented a brief summary of the performance audit report on Biogas Development Project, which pointed out that the project did not succeed due to various reasons. PC-I objectives were changed arbitrarily. The PC-I was prepared without any feasibility. Three Community biogas plant were abandoned soon after installation and Rs. 360,000 spent on these were wasted. Out of 1360 units inspected in 1987, only 342 were working and 1,018 were not functioning. 92 units did not exist. There was a time over-run of 48 months and the delay resulted in 23% of the project cost being spent on overheads. There was lack of coordination with provincial governments. The users were not properly motivated or trained. The Director General kept all the powers centralized.

845. The Ministry acknoweldged that the points raised by audit were valid. The scope of project was changed during execution by the people working in the project. This being a new activity enough effort was not made to motivate people. There also the problem of supervision from Islamabad and the Ministry was not geared towards management of such projects. The project had faced shortage of staff and lack of training. Units were sanctioned on political basis. There were also the problems of social acceptability. Basically the project was very poorly planned. Now it had been proposed that the project may be transferred to the Ministry of Science and Technology.

846. The Committee observed that the failure needed thorough investigation at Ministry's level. The technology itself was quite simple but was not implemented properly. It should not have been undertaken if there were problems of lack of staff and budget. Not only public money was wasted, but the introduction of a new technology in an area in which the country in highly deficient was also mismanaged.

847. A Committee comprising Director General (Audit), Federal Government (Convener), Financial Adviser, Ministry of Petroleum and Natural Resources, and Director General, New and Renewable Energy Resources, Ministry of Petroleum and Natural Resources was constituted to investigate the reasons of the failure of the project, fix responsibility and propose measures to utilize the technology. The Committee could coopt a suitable officer from Planning and Development Division as Member. The Committee was advised to submit its report within three months.

848. *Performance Audit Report on Development of Solar Energy (Paras 1 to 2.1.3, pages 129-137-AR).*—In the performance report on development of solar energy, audit pointed out time overrun of 98 months, cost overrun of 121%, failure in achievement of targets, location of project in a seismic Zone and exorbitant cost of Rs. 11 per unit of electricity produced. The project site was selected without considering the frequency of solar light, intensity of solar heat and solar insulation and without consulting WAPDA, which rendered the project economically unviable. The Cabinet Committee on Engery had directed WAPDA and Pakistan Atomic Energy Commission on 10-6-1992 to conduct survey of the existing solar system and submit report within two months so that the possibility of transferring the project to WAPDA could be examined. The Ministry stated that they had proposed transfer of the projects to WAPDA as they did not have field organizations to supervise these.

849. The Committee observed that in case the required administrative resources were not available, such an ill-planned venture should not have been started because failures in such areas have a highly detrimental effect. Such factors should be considered at planning stage because the objective is to demonstrate that solar energy can be used as an alternate source of energy. Mismanagement of the project did not service to the nation and the issue whether cheap solar energy can be utilized remained unresolved. The review of the project by a Cabinet Committe was considered to be highly significant keeping in view the importance of developing solar energy technologies.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII — 1987-88)

Oil and Gas Development Corporation

850. *Operational results of OGDC (Paras 408-415, pages 249-250-ARPSE).*—Audit presented the working results of OGDC which indicated that after loss of Rs. 24.614 million in 1987-88, the Corporation had earned profit of Rs. 45.717 million in 1988-89 and Rs. 424.258 million in 1989-90. However, the accumulated losses on 30th June, 1990 amounted to Rs. 2065.722 million.

851. The Chairman OGDC informed the Committee that the losses had been minimized. OGDC had started self-financing since 1st July, 1989. Rs. 1.631 million were paid to government in form of royalty, excise duty import duty and debt servicing in 1989-90. There had been an increase of Rs. one to five billion in revenues. Oil had been discovered in Potohar sub-basin and Sanghar-Hyderabad sub-basin. No other region had given any promise for future although OGDC was trying to explore new basins. Many foreign companies were interested in exploring in Balochistan, but they had not been given permission for various reasons. So far the discovery and success rate in Pakistan was one of the highest and during the last few years corporate profitability had increased as a result of better management. Off-shore drilling efforts had not been successful as yet.

852. The Committee expressed satisfaction that the OGDC had started self-financing and accumulated losses were beign minimized through better management on commercial lines. However, the Committee expressed concern that exploration work in Balochsitan had remained nominal for the last many years due to various factors despite the fact that prospects were bright in certain areas.

Pak Arab Refinery Limited

853. *(Paras 2-3 (10), page 18-ARPSE).*—Audit pointed out that the management of Pak-Arab Refinery Limited continued to decline government audit. The Committee advised the Finance Division to provide the accounting documents of Pak-Arab Refinery to audit for comments.

Pakistan State Oil Company Limited

854. *(Paras 416-417, page 251-ARPSE).*—Audit reported that working results of PSO were satisfactory and profitability of Corporation increased in 1990-91.

855. *(Para 418, page 251-ARPSE).*—Audit reported that the PSO paid Rs. 913,000 to Pakistan Navy as donation which was not in accordance with the instructions issued by the Finance Division.

856. The department stated that the amount was spent on repairing a defective pipeline of Pakistan Navy and in return the business of Pakistan Navy was obtained. The expenditure as such was well spent on business promotion.

Resource Development Corporation (Pvt.) Limited

857. *Audit comments on the Corporation (Paras 419-420, page 252-ARPSE).*—Audit pointed out that the Corporation was established in 1974 and an amount of Rs. 289,823 had so far been spent upto June 30, 1991 but the project had not materialized.

858. The Ministry submitted that the Corporation dealt with Saindak Project. In 1986 China offered collaboration to develop the copper mines located in a remote area in Balochistan. The Chinese were responsible for mine development while civil works and infra-structure were to be provided by the Government of Pakistan. The success of the project was dependent on cost control and the international copper prices at the time when production of copper starts. The declining demand for copper had thrown the project in jeopardy but was being undertaken for developmental reasons in Balochistan. This being the overall objective the government should be liberal in assessing financial requirements.

859. The Committee agreed that the project was a socio-economic necessity for the development of Balochistan, which justified the inherent risks for development of under-developed areas. The Committee recommended that the government may sympathetically consider the proposal of Ministry of Petroleum and Natural Resources for financial assistance for the project.

(i) *Pakistan Mineral Development Corporation (Pvt.) Limited (Paras 421-422-423, pages 253-254-(ARPSE).—*

(ii) *PMDC Coal Mines Degari (Para 427, page 256-ARPSE)—*

(iii) *PMDC Makerwal Colleries Limited (Paras 435-436, page 258-ARPSE)—*

(iv) *PMDC Collieries Sharigh (Para 439, page 260-ARPSE)—*

(v) *PMDC Collieries Sor-Range (Para 441, page 261-ARPSE)—*

(vi) *PMDC Lakhra Coal Mining Project (Paras 442-443, page 262-ARPSE)—*

(vii) *PMDC Metting Coal Mining Project (Para 446, page 264-ARPSE)—*

(viii) *PMDC Silica Sand Project (Para 449, page 265-ARPSE)—*

(ix) *PMDC Salt Quarrries, Bahedur Khel (Para 451, page 266-ARPSE)—*

(x) *PMDC Salt Quarries, Jatta (Para 454, page 267-ARPSE)—*

(xi) *PMDC Salt Mines, Kala Bagh (Para 455, page 268-ARPSE)—*

(xii) *PMDC Salt Mines, Khewra (Para 160, page 270-ARPSE)—*

(xiii) *PMDC Salt Mines, Warcha (Para 462, page 271—ARPSE)—*

860. Presenting working results of PMDC, audit reported that the accumulated losses had amounted to Rs. 267.704 million on 30th June, 1991. The Corporation was constantly sustaining huge losses in salt and coal business. The accumulated losses of salt mines were Rs. 37.679 million and those of coal mines were Rs. 224.596 million.

861. The Ministry explained that all the projects of the Corporation were persistently going in losses but in the previous year the Corporation earned profit of Rs. 17.5 million for the first time. The ECC has decided to privatize all the projects of PMDC, but disinvestment of mineral development projects offers complications due to issues like mining rights etc. The losses in salt sector were due to competition with private sector which does not incur overhead expenses. A Committee had been formed under the convenorship of the Minister of State for Natural Resources to determine which proejcts of PMDC could be made viable and which could not be redeemed. The Committee had proposed that three projects be privatized initially. This recommendation had been presented to the Economic Coordination Committee of the Cabinet whose decision was awaited.

862. The Committee expressed its dissatisfaction at the continued losses in the PMDC. However, it was hoped that the recent trends towards profitability would continue and efforts would be made to achieve the targets. It was also observed that implementation of the recommendations of the Committee formed under the convenorship of Minister of State for Natural Resources may be considered at the earliest to save PMDC from further losses.

863. The Committee also desired to know the position of emerald mines in Swat and Bajour. The Ministry informed that these mines were being controlled by Gemstone Corporation of Pakistan which was also suffering heavy losses and it had been decided to privatize them in phases.

Coal Washing Plant, Sharigh

864. *Audit comments on the Plant (Paras 430-433, page 257-ARPSE).*—Audit reported that the plant was established in 1977-78, but could not start commercial production and was lying unoperated.

865. The Ministry informed that the plant was set up for Pakistan Steel, but the quality of output was rejected by them. So, it had been decided to dispose it of during the current financial year.

866. The Committee desired to know whether there was any deposit of iron ore in the areas near Chiniot. The Director General, Geological Survey of Pakistan submitted that there were many small scale reserves in the country. In Chiniot, a project was being executed for survey, but it would not be completed during the year for want of funds.

PERFORMANCE EVALUATION OF PUBLIC SECTOR ENTERPRISES (VOL. IX-A — 1989)

867. *Performance Evaluation Report on Oil and Gas Development Corporation, Islamabad (Paras 1.1 to 8.2, pages 165-186-PEPE.*—Audit presented a Performance Evaluation Report whose salient features stated that (i) OGDC was heavily dependent on government investment and was artificially in profit as the government was not taking any return on investment (ii) Inventory management of the Corporation was highly wasteful as 25% of their capital was blocked in inventory, whereas in case of Union Texas the figure was only 4% (iii) For some projects foreign consultants were being employed while local consultants were available (iv) OGDC had started a budgeting system from 1990 and their first budget showed an excess of 500% (v) The Corporation did not maintain any account of crude oil sent to refineries which was highly unusual.

868. The Committee advised the management of OGDC to note all the points contained in the Performance Evaluation Report and consider them for implementation to further improve profitability of the Corporation. Progress of adoption of Audit's recommendations would be discussed in the next meeting of the Committee.

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

MINISTRY OF FOREIGN AFFAIRS

870. The Committee took up for its examination the Appropriation Accounts, Audit Report etc; pertaining to the Ministry of Foreign Affairs. The following departmental representatives were present:—

1. Mr. Zafar Habib, Additional Secretary.
2. Mr. Javed Hafiz, Director General (Insp).
3. Mr. Wazir Ahmad Qureshi, Chief Accounts Officer.
4. Mr. Khalid Durrani, Director (B&C).
5. Mr. B. A. Malik, Director (PAP).
6. Mr. Muhammad Younus Butt, Accounts Officer.
7. Mr. Muhammad Mushtaq Bhatti, Section Officer.
8. Mr. K. U. Bhatti, Section Officer.
9. Mr. Ahmad Din Awan, Accounts Officer.

871. This Ministry controlled the following grants —

S. No.	Name of Grant	Grant No.
1.	Ministry of Foreign Affairs.	62
2.	Foreign Affairs.	63
3.	Other Expenditure of Ministry of Foreign Affairs.	64
4.	Capital Outlay on Works of Ministry of Foreign Affairs.	185

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I — 1987-88)

872. *Grant No. 62-Ministry of Foreign Affairs (Page 214-AA).* There was an excess of Rs. 1,261,361 in the grant despite the fact that the Ministry had obtained a supplementary grant of Rs. 900,000. The Ministry attributed the excess to increase in pay and allowances, but it was pointed out that excess in pay & allowances was Rs. 400,000 only. The Committee observed that the Ministry should have managed the budget more scientifically and controlled the excess. The excess was recommended for regularization.

873. *Grant No. 63-Foreign Affairs (Page 216-AA).*—The Ministry explained that the grant closed with an excess of Rs. 28,599 million instead of saving of Rs. 27,851,526. The major portion of excess pertained to commodities and services. The Ministry further explained that the excess was due to increase in expenditure on telephone charges as well as rents of official and residential accommodations in many of the foreign mission.

874. The Committee was not satisfied with the generalized justification given by the Ministry. It advised that complete details justifying the supplementary grant and excess expenditure be furnished to the Committee. The Auditor-General was asked to undertake performance audit of a few selected missions abroad including embassies in UK, USA and a few Middle Eastern countries where a large number of Pakistanis are living, besides the Hajj Directorate, Jeddah, to determine if the nation was getting money's worth from expenditure incurred in foreign exchange against the grant "Foreign Affairs".

875. *Grant No. 64—Other Expenditure of Ministry of Foreign Affairs (Page 217-AA).*—There was a saving of Rs. 1,340,545 in the charged portion and Rs. 3,071,113 in other than charged portion of the grant. A sum of Rs. 1.348 million out of charged portion and Rs. 3.324 milion out of other than charged portion was surrendered on 30-6-1988, but it was after the date fixed for surrender *i.e.* 15th May.

876. The Committee accepted the Ministry's explanation that the amount could not be surrendered in time as it was meant for a foreign visit of the President which was cancelled at the eleventh hour.

877. *Grant No. 185—Capital Outlay on Works of Ministry of Foreign Affairs (Page 218-AA)*—The grant closed with a net saving of Rs. 7.097 million. An amount of Rs. 47.3 million was surrendered, despite the fact that a supplementary grant of Rs. 17.457 million was also taken.

878. The Ministry stated that the amount was surrendered because a complex being constructed in Saudi Arabia was abandoned by the contractor who had defaulted. The saving of Rs. 7.097 million was not surrendered because it was planned to purchase some buildings in foreign countries, but the deals did not materialize.

879. On being informed by the representative of Ministry of Finance Division that the amount surrendered in this grant was actually re-appropriated to grant No. 63 for expenditure on foreign missions, the Committee observed that there was need to improve the financial management and strengthen internal controls of the Ministry.

AUDIT REPORT (CIVIL) (VOL. I — 1987-88)

880. *Inadequate internal control and delays in recoveries of amounts irregularly disbursed-Rs. 612,545 (Para 1, pages 73—86-AR).*—Audit reported that out of an amount of Rs. 612,545 irregularly disbursed on account of Pay & Allowances, Rs. 263,627 were still outstanding while out of Rs. 14,667,814 paid irregularly during 1980-81 to 1986-87, Rs. 8,088,878 were still outstanding.

881. The Ministry stated that 81% of recovery had been made and the amount outstanding pertained to people from other Ministries. Efforts were being made to recover the amount outstanding. The Committee advised that outstanding amount may be recovered by the next PAC meeting and a fool proof system may be adopted to avoid such over-payments in future.

882. *Loss of Rs. 1,086,127 in payment of rent of a vacant residence (Para 2, page 87-AR).*—Audit reported that a house, vacated on the transfer of a head of mission, was retained and advance payment of rent for a year was made while the new head of mission joined after more than a year. Thus government was put to a loss of Rs. 1,086,127.

883. The Ministry explained that the house had to be retained because appointment of the new head of mission remained expected by the Mission. Non-appointment of the incumbent for one year was a matter beyond the control of the Ministry.

884. The Committee settled the para, subject to the observation that in case some missions were to be closed in the light of the recommendations of Economy Commission and appointments were being delayed because of that, the decision may be expedited to avoid unnecessary expenditure on rents etc.

885. *Non-recovery of rent charges — Rs. 791,231 (Para 3, pages 87-88-AR).*—Audit pointed out that Rs. 411,730 were still outstanding against 58 government servants who were provided accommodation in Foreign Office Hostel in 1986-87. Similarly, Rs. 239,081 remained to be recovered from 74 government servants for the period 1971 to 1986.

886. The Ministry submitted that they took over management of the hostel in 1980. Therefore it would not be easy to make recoveries for the period prior to 1980. However, efforts were being made to make recoveries from the people still in service. It was hoped that recovery would be completed by the next PAC meeting.

887. The Committee advised that serious efforts may be made to recover the outstanding dues and in case the amount was not recovered before the next PAC meeting, names of the defaulters would be publicized in the national press.

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

CABINET DIVISION

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

1. Mr. K. U. Farooqi, Secretary.
2. Mr. Nazir Ahmed, Joint Secretary.
3. Mr. Muhammad Aslam, Joint Secretary.
4. Mr. Farid-ud-Din Ahmad, Chairman (CDA).
5. Mr. Mohammad Rafiq Ahmed, Member Engg. (CDA).
6. Mr. Abdul Waheed Bhatti, Secretary, (Federal Land Commission).
7. Mr. Ahmed Waqar, FA, Member (CDA).
8. Mr. S. Ibrahim Shah, Director Finance (PCP).
9. Mr. Masood Ahmed Bhatti, Additional Director (Admn.) (PCP).
10. Mr. Zia-ul-Hassan Qureshi, Additional Director (Finance) (PCP).
11. Mr. Shabbir Hasan Khan, Director Audit & Accounts (CDA).

890. This Division controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Cabinet.	1
2.	Cabinet Division.	2
3.	Emergency Relief and Repatriation.	3
4.	Land Reforms.	4
5.	Other Expenditure of Cabinet Division.	5
6.	Stationery and Printing.	15
7.	Capital Outlay on Land Reforms.	135
8.	Development Expenditure of Cabinet Division.	140
9.	Capital Outlay on Works of Cabinet Division.	174
10.	Capital Outlay on New Federal Capital.	175

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I — 1987-88)

891. *Grant No. 1 — Cabinet (Page 52-AA).*—There was a net saving of Rs. 610,477 in the grant. Ministry explained that it was due to smaller cabinet. The Committee made no comment.

892. *Grant No. 2 — Cabinet Division (Page 53-AA).*—The grant registered a saving of Rs. 5,564,351 against which Rs. 6,392,084 were surrendered. The Committee did not make any observation.

893. *Grant No. 3—Emergency Relief and Repatriation (Page 54-AA).*—The saving of Rs. 3,023,813 was surrendered in time. The Committee did not offer any comment.

894. *Grant No. 4 — Land Reforms (Page 55-AA).*—There was an excess of Rs. 156,474. The Ministry's explanation, that the excess was in pay and allowances, was accepted by the Committee and the excess recommended for regularization.

895. *Grant No. 5 — Other Expenditure of Cabinet Division (Page 56-AA).*— An amount of Rs. 4,034,762 was surrendered out of the saving of Rs. 4,057,422 bearing a net saving of Rs. 22,660. The Committee did not make any observation.

896. *Grant No. 15—Stationery and Printing (Page 59-AA).*—There was a net saving of Rs. 409,269 in this grant. The Committee accepted the Ministry's statement that the saving indicated the amount of stationery supplied to foreign mission which could not be adjusted in accounts due to late receipt of debit.

897. *Grant No. 135—Capital Outlay on Land Reforms (Page 60-AA).*—Rs. 29,354,960 were surrendered against the saving of Rs. 28,120,679. The Ministry explained that this grant represented the amount paid in the form of bonds as compensation for the land acquired, redeemable after 10 years. Expenditure on certain bonds redeemed after 10 years was mistakenly booked both against the Cabinet and Finance Divisions resulting in double booking which had been rectified. The Committee made no comment.

898. *Grant No. 140 — Development Expenditure of Cabinet Division (Page 61-AA).*—There was a net saving of Rs. 273 in the grant. The Committee did not make any observation.

899. *Grant No. 174 — Capital Outlay on Works of Cabinet Division (Page 63-AA).*—All the amount in this grant was transferred to SUPARCO. The Committee offered no comment.

900. *Grant No. 175—Capital Outlay on New Federal Capital (Page 64-AA).*—The total grant was transferred to CDA. The Committee did not make any observation.

901. The Committee deferred the examination of all the remaining audit paras/points/special reports pertaining to the Cabinet Division to some later date.

902. The Committee thereafter, adjourned *sine-die.*

KHAN AHMAD GORAYA,
Secretary General.

Islamabad, the 10th December, 1992.

NATIONAL ASSEMBLY SECRETARIAT

Sunday, the 26th July, 1992.
Nineteenth Sitting (PAC)

903. The Public Accounts Committee assembled at 9.30 A.M. in Committee Room No. 2 of the Parliament House, Islamabad to continue the examination of the Federal Government Accounts for 1987-88. The following members attended the meeting:—

Public Accounts Committee:

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

National Assembly Secretariat:

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

Audit:

1. Mr. Muhammad Naseer Ahsan, Auditor-General of Pakistan.
2. Sh. Muhammad Sadiq, Accountant-General Pakistan Revenue.
3. Mr. Khalid Rafique, Deputy Auditor-General (A&P).
4. Mr. Najm Hosain Syed, Deputy Auditor-General (GA).
5. Mr. Zaheeruddin Jeddy, Deputy Auditor-General (CA&E).
6. Mr. A. R. Arif, Director-General (GA).
7. Mr. Irfan Hussain, Director-General (CA).
8. Mr. Shamim Haider, Director-General Audit (Federal Government).
9. Mr. Sikandar Aziz Eskar, Director-General, Audit & Accounts Works.
10. Syed Mujahid Hussain, Director-General Audit (PT&T).

Ministry of Finance:

1. Mr. Mehmood Ahmed Lodhi, Additional Secretary.
2. Mr. Mukhtar Ahmed, FA (LG&RD/Communications).

3. Mr. Muhammad Ayaz, DFA (LG&RD/Communications II).

4. Mr. Nabi Ahmed Khan Lodhi, DFA (Communications-III).

5. Mr. Muhammad Aslam, Accounts Officer (Budget).

904. *Accounts Examined.*—Accounts pertaining to the following Ministry/Divisions were examined by the Committee during the meeting:—

1. Parliamentary Affairs Division.

2. Management Services Division.

3. Ministry of Local Government and Rural Development.

4. Ministry of Communications.

5. Culture, Sports and Youth Affairs Division.

PARLIAMENTARY AFFAIRS DIVISION

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

1. Mr. Sajjad-ul-Hasan, Secretary.

2. Mr. Muhammad Aslam, Assistant Secretary.

906. This Division controlled Grant No. 98-Ministry of Justice and Parliamentary Affairs.

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I — 1987-88)

907. *Grant No. 98—Ministry of Justice and Parliamentary Affairs (Page 296-AA).*—The grant was apportioned between Law and Justice Division and Parliamentary Affairs Division. The portion pertaining to Law and Justice Division had already been discussed in an earlier PAC meeting. The portion pertaining to Parliamentary Affairs Division closed with a net saving of Rs. 439,084. The Committee did not make any observation.

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

MANAGEMENT SERVICES DIVISION

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

1. Mr. Zafar Iqbal Rathore, Secretary.

2. Mr. Muhammad Rashid, Joint Secretary.

910. This Division controlled Grant No. 13-Management Services Division.

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I — 1987-88)

911. *Grant No. 13—Management Services Division (Page 80-AA).*—There was a saving of Rs. 29,911 in the grant. The Committee did not offer any comment. The Division presented a report about its performance to the Committee. The Committee decided that performance of the Division would be discussed in the light of the report in the next meeting.

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

MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT

913. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Ministry of Local Government and Rural Development. The following departmental representatives were present:—

1. Cdr. A. A. Naseem, Secretary.
2. Mr. S. M. Tahir, Deputy Secretary (Admn.).

914. This Ministry controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Ministry of Local Government and Rural Development.	103
2.	Development Expenditure of Minsitry of Local Government and Rural Development.	165

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I — 1987-88)

915. *Grant No. 103—Ministry of Local Government and Rural Development (Page 304-AA).*—There was a saving of Rs. 988,254 despite the fact that a Supplementary Grant of Rs. 861,000 was obtained. Rs. 991,850 were surrendered against the saving. The Committee observed that as a matter of principle supplementary grants should be processed only when the original allocation was found inadequate. Routine processing of supplementary allocation when the accounts actually closed with a saving comparable to the supplementary grant and also the extra surrender did not indicate sound financial management.

916. *Grant No. 165—Development Expenditure of Ministry of Local Government and Rural Development (Page 305-AA).*—The grant closed with a net saving of Rs. 222,270,858. The Ministry stated that this saving was due to non-receipt of foreign loans during the year. However, the amount was spent in the next financial year. The Committee made no observation.

AUDIT REPORT (CIVIL) (VOL. I — 1987-88)

917. *Unauthorized expenditure of Rs. 78,730 (Para 2, page 113-AR).*—Audit reported that Ministry of Local Government and Rural Development provided various unauthorized items of domestic use worth Rs. 78,730 to the then Minister, Mr. Anwar Aziz Chaudhry, in addition to the items provided by the Pak. PWD. Provision of such items was clearly not the responsibility of the Ministry.

Later the Ministry stated that the items, except TV & VCR, had been withdrawn from the outgoing Minister and auctioned for Rs. 18,500. However, Audit had found that the items stated to have been auctioned differed from those provided to the Minister.

918. The Committee took serious note of the unauthorized expenditure on supply of the items of household use to a Minister. The Ministry was advised to hold an inquiry in consultation with audit about the disposal of items and the difference in the list of items provided to the Minister and the items auctioned. The inquiry report was advised to be submitted within three months.

919. The Committee further observed that Audit had done well to bring a concrete instance of such nature before the Committee. Open discussion of such transgressions of authority would act as a deterrent for future. The Auditor-General was accordingly advised to submit a consolidated report regarding supply of additional items over and above entitlement to other Ministers within one month.

920. *Non-recovery of Rs. 129,022 on account of misuse of Government Vehicle (Para-1, page 112-AR).*—Audit pointed out that an additional vehicle was placed at the disposal of the Minister over and above the one provided by the Cabinet Division. The additional vehicle covered a distance of 64,511 KM and an amount of Rs. 129,022 was recoverable from the user. The Ministry stated that after being withdrawn from the Minister, the vehicle was stolen alongwith its record and the book value of the vehicle had been written off.

921. The Committee observed that provision of additional vehicle to the Minister and its subsequent theft alongwith record was a serious matter. The Ministry should have fixed responsibility and taken action against the officer held responsible. Ministry was advised to submit complete details within one week.

922. The Committee also advised the Principal Accounting Officer to submit a comprehensive report about allocation and utilization of the vehicles of People's Works Programme.

923. *Points not discussed to be treated as settled.*—The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Ministry of Local Government and Rural Development. These would be treated as settled subject to any action as may be necessary under the rules.

MINISTRY OF COMMUNICATIONS
(Deferred Accounts)

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

1. Mr. M. Salman Faruqui, Secretary.
2. Mr. Ghulam Yazdani, Joint Secretary.
3. Mr. Muhammad Azam Rathore, Deputy Secretary.
4. Mr. Muhammad Asghar, Accounts Officer.
5. Mian Muhammad Javed, Chairman, (PTC).
6. Mr. S. M. Iftikhar Hasan, Director General (Operations), (PTC).
7. Col. Sajjad Azam, Deputy Director General (SCO).
8. Mr. Arjumund A. Sheikh, GM (WTR) (Quetta).

9. Mr. Shah Hasan, General Manager (C) (CTI).
10. Mr. Feroz Bashir Ansari, C.A.O (PTC).
11. Mr. Mehboob Alam, FM (NRTC).
12. Mr. Amir Nawaz Khan, Director-General (PPO).
13. Mr. M. Ashraf Shad, SBC (HQ SCO).
14. Mr. Muhammad Haris, GM (KTR-I).
15. Mr. Shakaib Sahibzada, GM (NTR).
16. Mr. Nazeer Hussain, Acting General Manager (NRTC).
17. Mr. S.A.K. Rehmani, CAO (PPO).

APPROPRIATION ACCOUNTS (PAKISTAN POST OFFICE DEPARTMENT) (VOL. III — 1987-88)

925. *Grant No. 20—Pakistan Post Office Department (Pages 27—29—AA-PPO)*—There was as saving of Rs. 5,058,606 in charged portion and Rs. 32,127,898 in other than charged portion of this grant. The Committee made no observation.

926. *Grant No. 176—Capital Outlay Pakistan Post Office Department (Page 30-AA-PPO).*—This grant closed with a saving of Rs. 25,286. The Committee did not make any observation.

AUDIT REPORT (POST OFFICE, TELEGRAPH & TELEPHONE DEPARTMENT) (VOL. V — 1987-88)

Pakistan Post Office Department

927. *Rush of expenditure (Para 1.2, pages 7-8-AR-PPO).*—Audit pointed out that 36% of expenditure out of the total grant was booked during 11 months and 64% expenditure was booked in the last month of the financial year and there was apparently an alarming rush of expenditure at the fag end of the financial year.

928. The department clarified that actually 75% expenditure was incurred in 11 months and only 25% was consumed in the last month. The impression of rush of expenditure was caused by factors like classification problems and adjustment of amount meant for capital works due to delayed submission of vouchers by the concerned spending units.

929. The Committee observed that other Ministries also make payments to Pak PWD, but the problem of classification was encountered in Pakistan Post Office Department only. Audit was advised to re-examine the explanation of the Ministry justifying the classification of expenditure and submit report to the Committee within one month.

930. *Operational loss of Rs. 243.259 million (Para 1.4 (ii), pages 8-9-AR-PPO).*—Audit reported that operational loss of Pakistan Post Office Department during 1987-88 amounted to Rs. 243.259 million indicating increase of 130% over the loss of 1986-87.

931. The Principal Accounting Officer submitted that the loss increased due to revision of pay scales. The loss during 1991-92 was about Rs. 170 million. Efforts were being made to minimize the loss by reducing the staff. Some work had been assigned to the private sector. The Post Office was being made a Corporation and the department would attain self-sufficiency within two years. The Committee accepted the explanation.

932. *Non-reconciliation of cash transactions (Para 1.6, page 10-AR-PPO).*—Audit pointed out that the Post Office Department did not reconcile cash transactions with Audit despite PAC's directive given earlier in this regard. The department stated that the directive of PAC had been implemented and reconciliation was regularly held at Treasuries level. The Committee advised audit to verify progress regarding reconciliation with Treasuries.

933. *Improper maintenance of broad sheets (Para 3.2 page 13-AR-PPO).*—Audit reported that broad sheets of loans granted to the employees of Post Office Department were not maintained. Opening and closing balance of any category of these loans had not been worked out. The outstanding balance of Rs. 67.574 million had not been reconciled, despite the fact that this was being pointed out by Audit since 1984-85.

934. The department informed the Committee that they had started to identify and locate the unidentified balances and now Rs. 9.29 million had been left unidentified. The Committee advised the Department to complete this work within one year. Audit may verify maintenance of broad sheets.

APPROPRIATION ACCOUNTS
PAKISTAN TELEGRAPH AND TELEPHONE DEPARTMENT
(VOL. IV — 1987-88)

935. *Grant No. 21—Pakistan Telegraph and Telephone Department (Para 4.1, page 21-AR-PT&T).*—There was saving of Rs. 37,773,610 in the other than charged portion of this grant. The Ministry explained that the major saving was in Special Communications Organization. There was a problem of booking of expenditure which was delayed and saving was registered.

936. The Committee wanted to know the functions of the Organization. It was explained that the SCO provides telephone facilities in Northern Areas and Azad Kashmir. Every year three to four thousand telephone connections were being given. The demand of people in this area during 1989-90 had been met. Efforts were being made to adopt the latest technology. The Committee advised the Auditor-General to arrange a comprehensive performance Audit Report on Special Communication Organization.

937. *Grant No. 177—Capital Outlay of Pakistan Telegraph and Telephone Department (Para 4.3 & 4.4, pages 21-22-AR-PT&T).*—There was an excess of Rs. 1,198,458,316 which was 78% of the final grant. The department explained that the excess occurred because the then Minister for Finance had announced that 88,000 new telephones would be installed during the year, while the budget catered for 50,000 lines only. The difference was met by tapping the foreign sources which was reflected as excess.

938. The Committee observed that even though the excess was incurred on development work, the department should have approached the Finance Division to get supplementary grant because this was the proper course for ensuring financial discipline. From the excess it appeared that there was no coordination between Ministries. The Principal Accounting Officer was advised to propose measures for improvement of the system.

939. A Committee comprising Mr. M. A. Lodhi, Additional Secretary, Finance Division (Convener), Mr. Mujahid Hussain, Director-General Audit PT&T, Joint Secretary Ministry of Communications and Member Planning, PTC, was constituted to look into the causes of abnormal excess in the grant and propose measures for improvement and avoidance of such excesses.

AUDIT REPORT (POST OFFICE, TELEGRAPH AND TELEPHONE DEPARTMENTS)
(VOL. V — 1987-88)

940. *Cash balance reconciliation (Para 4.9 page 23-AR—PT&T).*—Audit reported that cash balance of PTC on 30-6-1988 was shown by State Bank as Rs. 5,359,159,562, whereas in the departmental accounts it was Rs. 4,801,776,453. It indicated that there was no system of reconciliation.

941. The department stated that the difference had been minimized to Rs. 16.9 million. The Committee settled the para subject to verification of Cash balance reconciliation by audit.

942. *Government investment in T&T department (Para 4.10, pages 23-24-AR-PT&T).*—Audit pointed out that the Cabinet had decided on 6-1-1988 that government investment in the PTC was Rs. 14.974 billion, but the department was showing it to Rs. 5.355 billion only.

943. The department stated that the figure had been recast and fixed as Rs. 28 billion. The Committee advised audit to verify the latest position and report to the Committee within one month.

944. *Non-maintenance of accounts on accrual basis (Para 4.11, page 24-AR-PT&T).*—Audit reported that the PTC was not preparing accounts on accrual basis despite the President's Order in 1979. The Ministry informed that the preparation of accounts on accrual basis would start by the end of current financial year.

945. *Ill-Planning causing loss of revenue due to idle capacity of Telephone exchange Rs. 66,158,102 (Para 5.1 (a), pages 25-26-AR-PT&T).*—Audit reported that in seven exchanges new telephone connections were not provided to public during 1985-86 and 1986-87, in spite of idle usable capacity resulting in loss of expected revenue of Rs. 66,158,102.

946. The department explained that there was a time lag between installation of exchanges and laying of cables which could not be avoided. The Committee settled the para.

947. *Loss due to non-recovery of Telephone sets-Rs. 132,300 (Para 5.1 (b), page 26-AR-PT&T).*– Audit pointed out that some telephone connections were permanently closed during 7/85 to 4/87, but telephone sets and other accessories were not withdrawn from the subscribers, resulting in a loss of Rs. 132,300.

948. The department submitted that they had security deposits of subscribers which were not refunded in case telephone sets were not returned. The Committee settled the para subject to the verification of the department's statement by audit.

949. *Wasteful import of obsolete stores on excessive rates-Rs. 3,120,000 (Para 5.1 (d), pages 27-28-AR-PT&T).*—Audit reported that a Divisional Engineer placed an indent for 2,000 valves in July 1986. 1400 valves were supplied to him far in excess of requirement in May 1987 at a high cost of Rs. 2,184,000.

950. The department accepted that the indent was wrong and the valves were lying in stores since. The Committee advised that inquiry may be conducted against the officer responsible for import of items in excess of demand and report submitted to Committee in three months.

951. *Loss of Rs. 2,264,754 due to bad planning of a project (Para 5.1 (h), pages 29-30—AR-PT&T).*—Audit pointed out that Rs. 2,264,754 were spent on installation of eight VHF link between Karachi and control tower of Ormara, Gwadar, Pasni and Jiwani, but the system was abandoned on completion and the expenditure was wasted.

952. The department explained that the project was partially successful in Jiwani, Ormara and Gwadar, while the balance equipment was utilized in Panjgur and Kharan. The Committee advised audit to verify utilization of the equipment including 8 VHF links and control towers in other projects.

953. *Loss due to short recovery of sui gas and water charges Rs. 1,196,224 (Para 5.1 (j), pages 30-31-AR-PT&T).*—Audit reported that Rs. 490,630 were paid as sui gas and water charges for occupants of T&T staff colony quarters from August 1985 to August 1986. The amount was to be subsequently recoverd from the occupants, but only an amount of Rs. 77,640 was recovered, leaving a balance of

Rs. 420,990. Bills amounting to Rs. 775,234 were paid again in September 1986. Thus the department sustained a loss of Rs. 1,196,224.

954. The department informed that there was some dispute regarding the rates of recovery which had now been settled and recovery had been started. The Committee desired that final report regarding recovery may be submitted in three months.

955. *Loss of Rs. 6,012,614 on the installation of a defective telephone exchange (Para 5.2, pages 31-32-AR-PT&T).*—Audit pointed out that an expenditure of Rs. 6,012,614 had gone waste on installation of a Digital Army Exchange which was not found in order on completion.

956. The department stated that the exchange was not defective but the army had declined to accept it because it did not meet a few of their specialized requirements. The exchange had however been sold to the Steel Mills. The Committee settled the para subject to verification by audit.

957. *Blocking of capital of Rs. 1,151,526 due to bad planning (Para 5.3 (b), page 33-AR-PT&T).*—Audit reported that an amount of Rs. 1,151,526 remained blocked for four years because a system of 92 VHF Channels between Peshawar and Islamabad and 46 VHF Channels between Abbottabad and Rawalpindi installed during 1984-85 could not be put into service till June 1988 due to non installation of the sister system of carrier channels. The expenditure in case of one estimate exceeded by more than 10% the sanctioned cost.

958. The department explained that the system had started functioning successfully after some delay due to change of technology. The time taken was not four years, but less.

959. The Committee observed that there was lack of communication between the department and audit. The department was advised to improve its response to audit observations, so that well considered positions are brought before the Committee.

960. The para was settled subject to verification by audit and the observation that expenditure in excess of estimates be minimized by PTC through better planning.

961. *Unjustified expenditure of Rs. 266, 993 (Para 5.4 (a), pages 33-34-AR-PT&T).*—Audit pointed out that Rs. 266,993 were spent on excavation without any justification over and above the provision in the estimates. No measurement book had been maintained to record the actual progress of work.

962. The department stated that the payment was made against work actually done and record was available to justify it. The Committee advised that the department and audit may resolve whether the payment for excavation was justified or not.

963. *Extra expenditure of Rs. 172,640 due to awarding work to contractors (Para 5.4 (b), page 34-AR-PT&T).*—Audit reported that a work for excavation was awarded to a contractor at a cost of Rs. 730,620 whereas under departmental standards it was to be carried out departmentally at a cost of Rs. 556,980. Thus an extra expenditure of Rs. 172,640 was incurred.

964. The department explained that in view of the increasing volume of work, they had started hiring private contractors instead of department controlled work charged staff. The work was awarded on open tender basis and all codal requirements were fulfilled. The Committee settled the para.

965. *Unjustified expenditure of Rs. 1,156,654 on procurement of excessive quantity of stores (Para 5.4 (d), pages 35-36-AR-PT&T).*—Audit reported that cable and jointing material worth Rs. 1,156,654 was procured in excess of estimates of a project in spite of the fact that the Divisional Engineer

incharge was required to certify the availability of sanctioned estimate of the indent. Moreover, cable worth Rs. 709,548 had not been taken on stock.

966. The department stated that the excess issue of items occurred because the PTC had got two stores at Karachi and Sargodha and both issued the items due to some misunderstanding. However, store items amounting to Rs. 495,277 had been returned and the balance was issued for other works.

967. The Committee observed that it was a case of mismanagement because even if the stores items had been returned, the cost of transportation was incurred. Audit was advised to re-examine the matter in the light of departmental reply.

968. *Store expenditure in excess of provision in the estimates -Rs. 2,981,791 (Para 5.4 (e), pages 34-35-AR-PT&T).*—Incurring of expenditure of Rs. 2,981.791 in excess of estimated amounts in two formations was reported by Audit.

969. The department explained that the excess occurred because stores were improted from abroad and the cost increased due to fluctuation in dollar rates. It was not a deliberate excess revised sanction had been issued.

970. The Committee observed that such substantial cost escalation could not be treated as a routine matter. The PTC was advised to re-examine the case in consultation with audit and take action to streamline in the procedures.

971. *Unauthorized expenditure of Rs. 6.22 million (Para 5.5 (a), pages 37-38-AR-PT&T).*—Audit pointed out that an additional expenditure of Rs. 6.22 million was incurred on electricity fittings, boundary walls and shutters etc. of a residential colony got constructed by Pak. PWD.

972. The department stated that the bulk of the amount was spent on electricity and sui gas connections, as well as boundary wall, not provided in the original estimates.

973. The Committee observed that an additional amount of Rs. 300,000 was spent on each house which was a cause of concern. The new items were such as should have been included in the original estimates of the project. A Committee comprising Directror General Audit, PT&T (Convener), Joint Secretary, Ministry of Communications and Financial Adviser, Ministry of Communications was formed to examine the case and submit its report within three months.

974. *Expenditure incurred in excess of sanctioned cost of Rs. 140 million (Para 5.5 (b), page 38-AR-PT&T).*—Audit reproted that an excess expenditure of Rs. 140 million was incurred against sanctioned estimates in 26 formations during 1984-85 to 1987-88. The excess ranged from 12.1% to 236%.

975. The department explained that excess expenditure amounting to Rs. 98.5 million had been regularized and the balance was being regularized. The Committee advised that the balance amount may be regularized within six months and report submitted to PAC.

976. *Unauthorized Expenditure of Rs. 78,125 on stores without provision in estimates (Para 5.5 (c), pages 38-39-AR-PT&T).*—A case of expenditure of Rs. 78,125 on local purchase of stores in a T&T division without provision in estimates was reported by audit.

977. The department stated that the sanction for purchase of items locally was available in estimates. The Committee observed that audit may verify the departmental statement and if the action taken by the department was not found satisfactory, suitable action may be proposed against the person held responsible.

978. *Irregularities in the expenditure of a work (Para 5.8 (b), pages 45-46-AR-PT&T).*—Audit pointed out that excess expenditure of Rs. 90,517 in cash and Rs. 16,190 under stores was incurred in a work, the excess expenditure in cash was regularized by an officer who was not competent to do so, purchases were made without sanction, no credit for recovered material was afforded to the relevant account and completion report of the work was not drawn.

979. The Committee settled the para subject to verification by Audit of the written reply submitted by the department.

980. *Unauthorized expenditure of Rs. 8,077,978 (Para 5.9, pages 47-48-AR-PT&T).*—Audit reported that expenditure on imported testing apparatus worth Rs. 8,077,978 was classified as maintenance expenditure whereas it should have been classified as capital expenditure under the rules.

981. The department stated that action to reclassify the expenditure was being taken. The Committee settled the para subject to verification by audit.

982. *Losses/defalcation of public money (Para 5,10, page 48-AR-PT&T).*—Two cases of robbery involving an amount of Rs. 116,048 were pointed out by audit. The department informed that the amount had been written off. The Committee settled the para subject to verification by audit.

983. *Telegraph receipts (Para 6.2 (c), pages 50-51-AR-PT&T).*—Audit pointed out that telegraph revenue had decreased despite the fact that number of telegraph offices had increased during the last three years. The department stated that people were resorting more to telephones and use of telegraph facilities was decreasing. So the telephone revenues were increasing and telegraph revenues were declining. The Committee settled the para.

984. *Rebates and allowances (Para 6.4 (c), page 52-AR-PT&T).*—Audit reported that the Lahore region of PTC allowed rebates of Rs. 23.92 million which was 52% of the total amount of rebate allowed throughout Pakistan.

985. The department explained that rebate are allowed by Panels appointed for these purposes after through investigation. The Committee settled the para subject to the observation that there was need for exercising due care while allowing rebates.

986. *Outstanding telephone dues (Para 6.5 (a), (b) & (c) to (f), pages 53-55-AR-PT&T).*—Audit pointed out that outstanding dues of Rs. 1571.29 million in June, 1987 increased to Rs. 1827.44 million in June, 1988, while the amount of outstanding dues against private telephones and closed telephones increased to Rs. 394.78 million in June, 1988.

987. The department stated that the arrears had decreased considerably and the percentage of arrears was very little compared to the income of the department. A campaign had also been launched to recover the arrears.

988. The Committee appreciated the campaign launched by PTC to recover arrears and asked Chairman PTC to take personal interest in this regard. Keeping in view a general trend in affluent classes to avoid payment of dues it was emphasized that the campaign should not focus exclusively on the small subscribers, but should be even handed.

989. *Outstanding dues agaisnt departmental PCOs (Para 6.5 (h), page 55-AR-PT&T).*—Audit pointed out that Rs. 16.07 million were outstanding against departmental PCOs. The department explained that the amount was duly recovered, but reconciliation was not carried out. The reconciliation had progressed and only an amount of Rs. 7.8 million was left outstanding. The Committee advised the department to ensure timely recovery of payment of dues in case of departmental PCOs and remove difficulties faced by them in this regard.

990. Audit also intimated that Rs. 375 million were outstanding against service telephones used by the departmental officials. The department stated that service telephones were billed, but payment was not required and only verification certificates issued by *bona fide* users were sufficient to settle the accounts. The Committee advised that the PTC may review the use of service telephones, ensure their utilization for valid purposes and also review the billing system for such phones.

991. *Outstanding against government connections (Para 6.5 (i), page 55-AR-PT&T).*—Audit reported that an amount of Rs. 282.72 million had accumulated against government connections. The department submitted that they faced difficulties in revenue collection from government departments because disconnecting of official telephones for non-payment brought immense pressures from the government agencies. The department pleaded that if it was allowed to disconnect official telephones in case of non-payment of dues for three months, the recoveyr position would improve considerably.

992. The Committee appreciated the efforts being made by the department and endorsed the proposal that in case of non-payment of dues for official telephones for three consecutive months, the phones should be disconnected as a matter of policy. It was also advised that the Federal government may coordinate with the Ministries/Divisions for payment of telephone dues. The Ministry for Provincial Coordination may take up the matter with provincial governments.

993. *Unallotted phones (Para 6.6, page 56-AR-PT&T).*—Audit pointed out that in three revenue offices, dues amounting to Rs. 59.882 million were outstanding against telephone connections which were not allotted as per official record.

994. The department stated that this amount also indicated the amount outstanding against VVIP and VIP casual connections. But audit pointed out that the code for such casual connections was different and the unallotted phones carried a different code. The Chairman PTC was advised to re-examine the matter of unallotted phones and submit his report to the Committee.

995. *Reserve Stock Limit (Para 7.2 (a) (b), pages 57-58-AR-PT&T).*—Audit reported that the balance of stores in stock of Rs. 1,152,523 million was abnormally in excess of the prescribed limit of Rs. 500 million fixed in June, 1988. The Copmmittee observed that in view of the increase in scope of work and prices, it may be examined if the prescribed limit of stores needed to be enhanced.

996. *Outstanding balance under remittance — Rs. 794. 523 million (Para 7.7, page 60-AR-PT&T).*—As pointed out by Audit, outstanding amount under the head remittance for the last 16 years increased from Rs. 0.573 million in 1971-72 to Rs. 794.523 million in 1987-88. It was further submitted that remittance being a transitory head such huge balances should not remain outstanding under the head.

997. The department stated that the objection was valid. The bulk of the amount represented advances to two factories for import of raw material etc. The amount was adjusted on receipt of material. However, since the entire accounting system was being changed, the position of Remittance head balance would improve by end of financial year 1991-92.

National Radio Telecommunication Corporation Limited, Haripur (Hazara).

998. *Working results of NRTC (Para 9 b (i), page 75-AR-PT&T).*—Audit presented working results of the National Radio Telecommunication Corporation Limited, Haripur Hazara. Sales during the year 1987-88 increased by 0.56% but profit decreased by 0.75% due to 0.22% increase in other expenses and 1.96% decrease in other income.

999. The department explained that the icnrease in other expenses was due to increase in administrative staff while other income decreased due to currency fluctuations. The equipment made by the Corporation was dependent on orders received from Pak Army and Army requirements determined profitability of the Corporation. The Committee accepted the explanation and settled the para.

1000. *Balance sheet (liquidity) (Para 9, b (3) (i) & (ii), page, 276-77-AR-PT&T).*—Audit pointed out that although ratio of current assets to current liabilities in the National Radio Telecommunication Corporation at 1.26:1 was better than the previous years, it still fell short of the generally accepted ratio of 2:1. Moreover, the book debts and other receivables had increased in 1987-88. The department stated that of the book debts, Rs. 23.368 million represented the 50% remaining balance receivable from Ministry of Defence while Rs. 57.269 million indicated other receivables which were being recovered regularly except the amount of fluctuation rates and Rs. 57 million, which was not paid by the Ministry of Defence in view of an observation made by Defence Audit.

1001. The Committee advised the Auditor-General to re-examine the position regarding receivables of the Corporation from Ministry of Defence, who had reportedly withheld the payment on an observation from Defence Audit. While re-examining the issue, it may be kept in view that the NRTC was operating without capital expenditure and was dependent upon patronage of Ministry of Defence.

Carrier Telephone Industries (Pvt.) Limited, Islamabad

1002. *Working results of CTI (Para 9 c (i) (3) (ii) (3) (iii), pages 79-80-AR-PT&T).*—Presenting working results of CTI, Audit reported that there was an increase in sales from Rs. 283,554 million to Rs. 428.084 million, the ratio of current liabilities was less than the generally accepted ratio of 2:1, trade debts and other receivables had increased and there was abnormal increase in the closing stock of raw material. The department stated that asset-liability ratio of 1.44:1 was satisfactory, the trade debts were secure and stock of raw material had increased due to increase in production. The Committee made no comments.

1003. *Other topics of interest (Para 9 (c) (4), page 81-AR-PT&T).*—Audit reported that internal audit in CTI was confined to percentage stock verification and checking of wage slips but no internal audit of factory expendtirue was conducted. However, the internal audit department had been put under the direct supervision of the Managing Director. The Committee advised that NRTC may strengthen its internal audit.

1004. *Performance Audit Report on Installation of Multan Road-II Telephone Exchange, Lahore (Para 1 to 6.7, pages 101-127-AR-PT&T).*—In the performance audit report, Audit pointed out that a 2000 lines telephone exchange was already working in the area since 1981. An addition of 4000 lines was completed in September, 1985 at a total cost of Rs. 44.3 million. Due to defective planning, there was no provision for further expansion. Delay in providing new connections to public caused a loss of expected revenue of Rs. 12.14 million from July 1986 to March 1987. The actual revenue during 1986-88 was less by Rs. 22.59 million as compared to estimates, quality of service was not upto mark. Audit had made seven recommendations to the department for improvement which had been accepted.

1005. The department agreed that the report was very useful. Measures were being taken to expand the exchange which was in a residential area where revenue was always less. Quality of service was affected due to construction work in the area. However, all the points in the reprot had been noted for implementation.

1006. The Committee advised the PTC to improve the performance of the exchange in the light of the findings of the report and make it a test case for further improvement.

1007. *Performance Audit Report on Installation of International Gateway Exchange, Karachi (Paras 1 to 6.5, pages 129—156-AR-PT&T).*—Audit pointed out in the performance audit report that the exchange for 300 lines, sanctioned in January 1977, was commissioned in 1980, at a cost of Rs. 93.3 million. Addition of 300 circuits was completed in July 1984 at a cost of Rs. 24.4 million. A comparative study of different electronic switching systems was not carried out before selection and analogue type system was procured instead of digital system. The processor purchased was not capable of working to its designed capacity of 900 circuits and the department had to install another exchange of 600 circuits. ISD facility for 32,400 lines was created but only 9,672 lines were utilized upto December 1988. The conditions of tender notice, relating to installation of exchange on experimental basis free of cost and providing a list by the bidder showing names of countries where the system was working were ignored at the time of signing of contract agreement. Completion report of project was pending due to non-reconciliation of figures. Call completion ratio of the exchange was very low. There was a time overrun of 13 and 5 months in commission of Gateway-I and Gateway-II respectively but the department could not claim damages due to ambiguities in the contract. Audit made five recommendations which were accepted by the department.

1008. The Committee expressed its satisfaction that the report was found practicable by the department.

1009. Audit also pointed out that the tendering system in the project could not be called perfect and some areas needed special attention. The department contested this point and stressed that tendering and award of contract was beyond any suspicion. The Committee advised Auditor-General and the Chairma, PTC to examine these points in detail to clear the doubts in this regard.

1010. *Points not discussed to be treated as settled.*—The Committee did not make any observtion on other points/paras in the Audit Report pertaining to the Ministry of Communications. These would be treated as settled subject to any action as may be necessary under the rules.

CULTURE, SPORTS AND YOUTH AFFAIRS DIVISION

1011. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertainign to the Culture, Sports and Youth Affairs Division. The following departmental representatives were present:—

1. Mr. Omer Khan Afridi, Secretary.
2. Mr. Shaukat Hussain, Joint Secretary.
3. Mr. Abdul Wadood Khattak, Acting Joint Secretary (Admn.).
4. Miss Qudsia Kazi, Deputy Secretary (Admn.).
5. Mr. Muhammad Yasin, Section Officer.
6. Mr. Muhammad Razzaq, Section Officer.
7. Mr. Atique Zafar Shah, Director General (Archaeology Department).
8. Mr. Ayaz Rashidi, Managing Director (NAFDEC).
9. Mr. Sajjad Haider Jillani, Chairman (CBFC).
10. Dr. Ghulam Rasul, Director General (PNC).
11. Mr. Ghulam Sarwar Khichi, Director General (APM) Karachi.

1012. This Division contorlled the following grants:—

S. No.	Name of Grant.	Grant No.
1.	Culture, Sports and Youth Affairs Division.	25
2.	Archaeology and Museums.	26
3.	Other Expenditure of Culture, Sports and Youth Affairs Division.	27
4.	Development Expenditure of Culture, Sports and Youth Affairs Division.	145

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I — 1987-88)

1013. *Grant No. 25-Culture, Sports and Youth Affairs Division (Page 114-AA).*—There was a saving of Rs. 138,642 in the grant. The Committee did not offer any comment.

1014. *Grant No. 26-Archaeology and Museums (Page 115-AA).*—The grant registered a saving of Rs. 1,657,845. An amount of Rs. 1,590,000, surrendered on 15-5-1988 was not taken into Appropriation Accounts owing to non-receipt of formal surrender order by Audit. No observation was made by the Committee.

1015. *Grant No. 27-Other Expenditure of Culture, Sports and Youth Affairs Division (Page 116-AA).*—There was a saving of Rs. 2,495,760 in the grant. The Committee accepted the Ministry's explanation that the amount was surrendered, but observed that it should be done on time.

1016. *Grant No. 145-Development Expenditure of Culture, Sports and Youth Affairs Division (Page 118-AA).*—The grant closed with an excess of Rs. 1,783,012. The Ministry stated that the excess in the grant which pertained to the Authority for Preservation of Moenjodoro was due to double booking of an amount. The Committee accepted the explanation.

1017. The Principal Accounting Officer informed the Committee in response to a query that the Rohtas Fort was being restored and would be preserved as an archaeological monument in the next six months.

1018. The Committee advised audit to undertake performance audit of Youth Affairs Division and Sports Wing of the Division. Audit also undertook to provide vouchers pertaining to restoration of Shalimar Gardens, Lahore, to the Division as and when required to facilitate the Division in determining the extent of loss/embezzlement in the project.

1019. The Committee deferred examination of other paras/points pertaining to the Culture, Sports and Youth Affairs Division till 28-7-1992.

1020. The Committee then adjourned to meet again at 9.30 A.M. on Monday, the 27th July, 1992.

KHAN AHMAD GORAYA,
Secretary General.

Islamabad, the 10th December, 1992.

NATIONAL ASSEMBLY SECRETARIAT

Monday, the 27th July, 1992.
Twentieth Sitting (PAC)

1021. The Public Accounts Committee assembled at 9.30 A.M. in Committee Room No. 2 of the Parliament House Islamabad to continue the examination of the Federal Government Accounts for 1987-88. The following members attended the meeting:—

Public Accounts Committee:

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

National Assembly Secretariat:

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

Audit:

1. Mr. Muhammad Naseer Ahsan, Auditor-General of Pakistan.
2. Sheikh Muhammad Sadiq, Accountant General Pakistan Revenue.
3. Mr. Khalid Rafique, Deputy Auditor-General (A&P).
4. Mr. Najm Hosain Syed, Deputy Auditor-General (GA).
5. Mr. Zaheeruddin Jeddy, Deputy Auditor-General (CA&E).
6. Mr. A. R. Arif, Director-General (GA).
7. Mr. Irfan Hussain, Director-General (CA).
8. Mr. Farooq Ahmad Malik, Director-General Audit (Income Tax).

Ministry of Finance:

1. Mr. Mehmood Ahmed Lodhi, Additional Secretary.
2. Mr. Mukhtar Ahmed, FA (Environment and Urban Affairs and Science and Technology).
3. Mr. Yawar Zia, Deputy Secretary (Exp-I).

4. Mr. Jalaluddin Sohail, DFA (Statistics).

5. Mr. Muhammad Aslam, Accounts Officer (Budget).

1022. *Accounts Examined.*—Accounts pertaining to the following Ministry/Divisions were examined by the Committee during the meeting:—

1. Central Board of Revenue (Deferred Accounts).
2. Statistics Division.
3. Environment and Urban Affairs Division.
4. Ministry of Science and Technology.

CENTRAL BOARD OF REVENUE
(Deferred Accounts)

1023. The Committee took up for its examination the Audit Report etc. pertaining to the Central Board of Revenue, which were deferred on 4-7-1992. The following departmental representatives were present:—

1. Mr. Sajjad Hassan, Chairman.
2. Mr. M. Iqbal Farid, Member (IT).
3. Mr. M. Shaban Uppal, Secretary (Admn).
4. Mr. Mahmood Khan, Secretary (DT).
5. Mr. M. Musheeruddin, Joint Director.
6. Mr. Saeed-ur-Rehman, Second Secretary.
7. Mr. M. Zakria Syed, Accounts Officer.

AUDIT REPORT (INCOME TAX RECEIPTS AND WORKERS WELFARE FUND) (VOL. III-B — 1987-88)

1024. At the start of the meeting, the Auditor-General briefly introduced the work of income tax audit. He informed the Committee that audit of revenue receipts was not the constitutionally mandated responsibility of the Auditor-General, although in some other countries it had been constitutionally entrusted to the Supreme Audit Institutions. The audit of income tax was undertaken for the first time in the year 1987-88 in pursuance of a Presidential directive. Being a very important area in view of the large share of income tax revenues in total national income, there was considerable scope of making revenue collection more effective. Audit, in view of its limited resources, had been able to spare only 16-17 Officers for this assignment. Only 36 Income Tax Circles could be audited out of a total number of 416. Audit also lacked technical and professional expertise. Accordingly, CBR was requested for assistance and they provided the services of two Income Tax Commissioners one after the other. As a result of the audit of 36 circles, short recovery or non-recovery amounting to Rs. 234.9 million was pointed out at a total cost of Rs. 2.3 million. CBR agreed to recovery of Rs. 79 million, disagreed with audit observations amounting to Rs. 20.6 million, and no reply was given to audit paras valuing Rs. 134.6 million. He requested the Committee to direct the department to offer replies to audit observations at the earliest so that recoveries do not become time-barred. He further pleaded that Finance Division may be advised to provide more resources to audit so that Audit could play a more effective role in making national revenue collection more efficient.

1025. The Committee observed that recovery of Rs. 79 million at the expenditure of Rs. 2.3 million only was a laudable effort and provision of more staff and resources to audit would contribute towards increase in national income. The representative of Finance Division committed that in view of the nature of the undertaking, sufficient resources would be provided to Audit as and when required.

The Chairman C.B.R. informed that a Directorate General of Internal Audit had been set up for hundred per cent audit for which he would require assistance of officers of the Audit Department. The Committee observed that such exchange of expertise needed to be encouraged. The Director General Income Tax Audit was then asked to present the Audit Report.

1026. *Misreporting of figures through monthly performance reports (Para 3.3.1 to 3, page 18-AR-IT).*—Audit pointed out that the Income Tax Circles communicate exaggerated figures of collection to CBR through monthly performance reports to conceal their actual performance and misguide the higher authorities. Thus there was a variation in figures of Demand and Collection Register and those of Monthly Performance Reports. During 1987-88, the collection figures overstated in 25 circles amounted to Rs. 60.114 million. The figures worked out to more than a billion rupees if extrapolated over 416 circles.

1027. The department explained that under the audited system collection was being made through cash deposited in State Bank and deduction by book entry. This system presented problems of reconciliation of figures. Recently the system had been centralized through a central reporting agency which verified collections, further since 1988-89 collection system was being computerized. Treasury Offices had also been sat up and cases of misreporting had been minimized. Action was also being taken against the person held responsible for making false statements deliberately.

1028. The Committee observed that deliberate misreporting of figures tentamounts to fraud and action should be taken against the persons responsible for the serious malpractice. A Committee comprising Member Income Tax, CBR (Convener), Mr. Farooq Malik, Director-General Income Tax Audit and Mr. Ismail Maarif, Financial Advisor, CBR, was constituted to examine the matter in detail and suggest suitable action against the officers/officials held responsible for deliberate misreporting especially with reference to the cases pointed out by Audit. The Committee was advised to examine the procedural changes adopted by the department to overcome the reported deficiencies and report any other loopholes in the system. The Committee was advised to submit its report in three months.

1029. *Unsatisfactory working of salary circles (Para 3.4, page 19-AR-IT).*—Audit reported some shortcomings found in Salary Circles of Income Tax which included non-observance of prescribed procedures, non-maintenance of cheque registers, non-availability of updated employees record of annual and monthly statements of salaries, non-utilization of information provided by employers regarding employees income, lack of efforts to force the defaulting assesses to file their tax returns, non-recovery of outstanding arrears, and non-issuance of refunds to the salaried persons alongwith "No Demand" as per instructions of CBR. Audit also stated that salary circles were viewed as non-lucrative assignments and never had sufficient staff.

1030. The department agreed that salary circles had not received adequate institutional support and postings to these circles were not very popular and this practice carried over a period of time had eroded their efficiency. But now computerization was being adopted for assessment and refund. The work of salary circles was highly an amenable to computerization and hopefully the performance would improve during the current financial year. The Committee observed that computerization was no panacea for organizational shortcomings and the C.B.R. should ensure that its human resources are deployed in response to organizational requirements rather than individual gains. The Chairman C.B.R. responded by saying that postings in revenue earning departments were a highly sensitive and politicized issue. He had personally received commitment from the highest level that he would be allowed to make postings keeping in view organizational needs. He hoped that this would have a major impact on the working of the department.

1031. The Committee hoped that the working of salary circles would improve with computerization and other steps being taken by the department. The CBR was advised that proper action may be taken against the persons held responsible for various shortcomings. It was stressed that merit and organizational requirements should be the criteria for posting and transfers. Necessary

facilities to CBR and especially to the salary circles to help improve their performance were also recommended.

1032. *Loss due to theft of record (Para 3.8 (B), pages 21-22-AR-IT).*—Audit reported that assessment of tax was delayed for nine months by an income tax officer in a particular case and meanwhile the record was stolen by the assessee. The FIR was not pursued and only the watchman had been dismissed while no action was taken against the officer responsible for delay. The assessment done without record could not be implemented and even the extent of loss could not be established due to non-availability of record.

1033. The department stated that in the inquiry only the watchman was found guilty while a UDC was exonerated as there was no evidence against him. The Committee advised the Principal Accounting Officer to re-examine the case of loss of revenue due to theft of record/delay in assessment and determine whether any other person was also responsible in the matter against whom proper action might be initiated. It was further advised to review in particular if personal responsibility should have been/may be fixed for failure to finalize assessment even after nine months.

1034. *Additional tax under section 87 (Para 4.1 (A), page 25-AR-IT).*—Audit pointed out that maintenance of Demand and Collection Registers was a necessity to determine liability of additional taxation in cases where advance taxes under Section 53 were paid by the assessees. Since the register was not being maintained in most circles, liability of additional tax, which should be levied in many cases was neither being realized nor was there any record for audit to verify as to how much tax was receivable and how much was actually received. In many cases when it was pointed out by audit, the estimate was taken in file from a back date. The case of Pak Arab Fertilizer was quoted from the Audit Report in which non recovery of additional tax resulted in a loss of revenue of Rs. 33 million. It was stressed that a foolproof system was required to establish that estimate was actually filed or not during the specified period. The system should ensure that post-dated insertion of estimates with connivance of lower staff was not possible.

1035. The department informed that in order to improve the situation, it had been decided that estimates might be filed by a certain date only. The Directorate-General of Inspection and Audit had also been assigned the job of ensuring that receipt of estiamtes was within the period allowed.

1036. The Committee advised that audit and CBR may examine the specific case pointed out by audit at para 2.5.5 (a), page 10 of the Audit Report and submit a report in this regard.

1037. *Additional tax under section 89 (Para 4.1 (b), page 26-AR-IT).*—Audit reported that on completion of assessment, the assessing officer issue a demand notice under Section 85 of Income Tax Ordinance on the same date and specifies the date by which tax was required to be paid. But in some cases this notice was either not served or served after considerable delay while in other cases recorded due dates were interpolated unauthorizedly. Thus the government was deprived of the benefit of additional tax under Section 89.

1038. The department stated that internal audit and inspection system had been introduced again. The entries in Demand and Collection Register would be verified by the Directorate of Internal Audit and Inspection and it was hoped that there would be better assessment and more recovery. The Committee observed that there was need for further improvement and when Inspection Assistant Commissioners are assigned additional work of assessment of tax, it should be ensured that their primary responsibility of inspection was not affected.

1039. *Payment of tax by cheques/pay orders (Para 4.3, pages 26-27-AR-IT).*—Audit pointed out that cheques/pay orders received from various assessees were not deposited in time and often became time barred. In two specific cases reported in para 3.7 and 3.8 (F) of Audit Report, 199 cheques involving Rs. 2,262,293 were left outstanding which caused delay in collection of revenue and loss of interest.

1040. The department informed that the newly created Directorate-General of Inspection and Audit would help in minimizing such instances. The Directorate had been asked to fix responsibility in the cases reported by audit. The Committee advised that the inquiry may be expedited and results communicated to audit and the PAC.

1041. *Revenue of internal control (Para 4.4, page 27-AR-IT).*—Audit observed that the internal control of the department was not satisfactory and hopefully with the re-establishment of the Directorate General of Inspection and Audit (Direct Tax) internal contorls would improve. Audit also mentioned that various offices of the department were reluctant to provide required record as well as copies of reports of internal audit to Audit. The department assured full co-operation to audit. They would also provide replies to audit observations without loss of time. Departmental Accounts Committee meetings would also be held regularly. All the record required by audit would be provided and if anybody did not cooperate with audit, action would be taken against him.

1042. The Committee advised that there should be maximum co-ordination between Audit and CBR. The system of Departmental Accounts Committee should be made fully functional in all Ministries/Divisions. The Committee also endorsed a suggestion of the Secretary, Revenue Division that Auditor-General may place officers of his department at the disposal of the CBR for strengthening the system of internal audit and there should be a regular exchange of officers.

1043. *Points not discussed to be treated as settled.*—The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Central Board of Revenue. These would be treated as settled subject to any action as may be necessary under the rules.

STATISTICS DIVISION

1044. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Statistics Division. The following departmental representatives were present:—

1. Mr. Ahadullah Akmal, Secretary.
2. Mr. M. Ramizul Haq, Joint Secretary.
3. Syed Aftab Ahmed, Director-General (FBS).
4. Mr. Javaid Akram, Chief Census Commissioner (PCO).
5. Col. (Retd.) Nawab Ali, Agricultural Census Commissioner (ACO).
6. Mr. Imtiazul Hasan Siddiqui, Principal (PIST&R).
7. Mr. Jan Muhammad Khan, Deputy Secretary.
8. Lt. Col. M. Yousaf Khan, Director (Admn.).
9. Lt. Col. Ghulam Mustafa Awan, Director (Admn.).
10. Mr. Maqbool Hussain Malik, Section Officer (F&A).

1045. This Division controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Statistics Division	52
2.	Development Expenditure of Statistics Division.	152

1046. *Grant No. 52—Statistics Division (Page 188-AA).*—There was a saving of Rs. 2,141,775 in this grant against which Rs. 7,794,800 were surrendered. The Committee made no comment.

1047. *Grant No. 152—Development Expenditure of Statistics Division (Page 189-AA).*—This grant closed with a saving of Rs. 35,805,003. An amount of Rs. 2,960,000 was surrendered, leaving a net saving of Rs. 32,845,003. The Committee did not make any observation.

1048. The Committee desired to know about the activities of the Division. It was informed that an important project of agricultural census was under way for which advance technology including satellite reconnaissance was being utilized for developing the best possible estimates of per acre yield etc. and other part of national statistics. Result of the project would be available in 1993 and the Division would be in a better position to advise the government in planning for development.

1049. About national population census, it was stated that there were some legal lacunae which had obstructed the conducting of census. Initial results in two provinces were not realistic and it was decided to hold census in the autumn of 1991. It was deferred again due to local bodies elections, it could not be held again in February — March 1992 due to winter season and examinations in Punjab as school teachers could not be made available for conducting census. Now there was a proposal to hold the census in October if Cabinet approved the schedule.

1050. The Committee observed that since accurate information is a basic requirement for decision making and sensitive issues like distribution of national resources are linked with information made available through census, it may be ensured that census is held on priority basis. The Committee also desired that DAC meetings and reconciliation of accounts with Audit should be held regularly.

1051. *Points not discussed to be treated as settled.*—The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Statistics Division. These would be treated as settled subject to any action as may be necessary under the rules.

ENVIRONMENT AND URBAN AFFAIRS DIVISION

1052. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Environment and Urban Affairs Division. The Following departmental representatives were present:—

1. Mr. Zulfiqar Ali Qureshi, Additional Secretary (Incharge).
2. Mr. Ali Asghar Awan, Deputy Secretary.
3. Agha Qaisar Ali Zaidi, Director General (NHA).
4. Mr. Sajid Nomani, PE (PEPAC).
5. Miss. Fozia Begum, Section Officer (FAB).

1053. This Division controlled the following grants:—

Sl. No.	Name of Grant.	Grant No.
1.	Environment and Urban Affairs Division.	72
2.	Development Expenditure of Environment and Urban Affairs Division.	159

1054. *Grant No. 72 — Environment and Urban Affairs Division (Page 236-AA).*—There was a saving of Rs.1,525,877 in the grant, out of which Rs.838,315 were surrendered, leaving a net saving of Rs. 687,562. The explanation for this saving was that a sealed authority of Rs. 614,000 sent to AGPR, Karachi, was lost in transit. Audit pointed out that this amount could be reallocated by Finance Division at the Division's request. The Principal Accounting Officer expressed keenness to get the amount reallocated as it pertained to the Quaid-i-Azam Mazar Management Board. The Committee recommended that the amount may be allocated as it was needed for the Quaid-i-Azam's mausoleum.

1055. *Grant No. 159 — Development Expenditure of Environment and Urban Affairs Division (Page 243-AA).*—The grant closed with a saving of Rs. 1,222,000 which was surrendered. The Committee observed that surrender of development funds was not a commendable act in itself since resources were being diverted away from development. The Principal Accounting Officer stated that the saving occurred because WAPDA was assigned to prepare a hydrological map of Pakistan which they could not complete in time, the amount reserved for some chapters on environment in text books could not be spent as books had already been printed and the amount allocated for construction of boundary wall of the Quaid-i-Azam's mazar could not be utilized as there were some encroachment and a law and order situation was created.

1056. The Committee advised that in view of the national importance of Quaid-i-Azam's mazar, special afforts should be made for the construction of boundary wall and all Ministries/Divisions should extend maximum cooperation for this purpose. The Division was also advised that reconciliation of accounts, holding of DAC meetings and strengthening of internal audit should be streamlined. About the Division's efforts for preserving environment, it was decided that a special briefing will be arranged for the members of PAC.

1057. *Point not discussed to be treated as settled.*—The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Environment and Urban Affairs Division. These would be treated as settled subject to any action as may be necessary under the rules.

MINISTRY OF SCIENCE & TECHNOLOGY

1058. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Ministry of Science & Technology. The following departmental representatives were present:—

1. Mr. Pervaiz Ahmed Butt, Secretary.
2. Mr. Abdul Karim Ansari, Joint Secretary.
3. Dr. Bashir Ahmed Chandio, Chairman (PCRWR).
4. Dr. Bashir A. Sheikh, Chariman (PSF).
5. Maj. General Akhtar Ali Qureshi, Executive Director (PMRC).
6. Dr. Shaukat H. Baluch, Director General (NCTT).
7. Ch. Aas Muhammad, Deputy Secretary.
8. Syed Abdul Hafeez, Section Officer (F&A).
9. Mr. Mukhtar Ahmed, Accounts Officer.
10. Syed Maqsood-ul-Hasan, Assistant Accounts Officer.

1059. This Division controlled the following grants:—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Science and Technology.	116
2.	Other Expenditure of Ministry of Science and Technology.	117
3.	Development Expenditure of Ministry of Science and Technology.	169
4.	Capital Outlay of Ministry of Science and Technology.	191

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1987-88)

1060. *Grant No. 116 — Ministry of Science and Technology (Page 350-AA).*—The grant closed with a saving of Rs. 1,478,795 out of which Rs. 1,464,000 were surrendered, leaving a net saving of Rs. 14,795. The Committee did not offer any comments.

1061. *Grant No. 117 — Other Expenditure of Ministry of Science and Technology (Page 351-AA).*—Entire saving of Rs. 209,000 was surrendered. The Committee did not make any observation.

1062. *Grant No. 169 — Development Expenditure of Ministry of Science and Technology (Page 352-AA).*—Against a saving of Rs. 10,246,396, Rs. 10,224,000 were surrendered leaving a net saving of Rs. 22,396. The Principal Accounting Officer informed that the development expenditure of the Ministry was meant for scholarships to talented students for studies abroad. The saving occurred when some selected students failed to avail the scholarships. The Committee advised that the Ministry may adopt the policy of preparing a list of standby candidates for foreign scholarships who may avail the facility in case the principal candidates became unavailable so that the facilities may not be wasted.

1063. It was also discussed that all Federal Ministries may be advised to prepare annual statements regarding their objectives and performance so that utilization of funds allocated to them may be reviewed by audit and the Committee in a definite context.

1064. *Grant No. 191 — Capital Outlay of Ministry of Science and Technology (Page 353-AA).*—The entire saving of Rs. 687,000 was surrendered. The Committee advised Auditor-General to take up performance audit of PCSIR and other organizations under the Ministry. Regular holding of DAC meetings and the timely reconciliation of accounts was also stressed.

1065. *Points not discussed to be treated as settled.*—The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Ministry of Science and Technology. These would be treated as settled subject to any action as may be necessary under the rules.

1066. The Committee then adjourned to meet again at 9.30 A.M. on Tuesday, the 28th July, 1992.

KHAN AHMAD GORAYA,
Secretary General.

Islamabad, the 10th December, 1992.

NATIONAL ASSEMBLY SECRETARIAT

Tuesday, the 28th July, 1992.
Twenty First Sitting (PAC)

1067. The Public Accounts Committee assembled at 9.30 A.M. in Committee Room No. 2 of the Parliament House, Islamabad to continue the examination of the Federal Government accounts for 1987-88. The following members attended the meeting:—

Public Accounts Committee:

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

National Assembly Secretariat:

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

Audit:

1. Mr. Muhammad Naseer Ahsan, Auditor-General of Pakistan.
2. Sh. Muhammad Sadiq, Accountant General Pakistan Revenue.
3. Mr. Khalid Rafique, Deputy Auditor General (A&P).
4. Mr. Najm Hosain Syed, Deputy Auditor-General (GA).
5. Mr. Zaheeruddin Jeddy, Deputy Auditor-General (CA&E).
6. Mr. A.R. Arif, Director General (GA).
7. Mr. Irfan Hussain, Director General (CA).
8. Mr. Niamatullah Abid, Director General (PEC).
9. Mr. Sikandar Aziz Eskar, Director General, Audit & Accounts Works.

Ministry of Finance:

1. Mr. Mahmood Ahmed Lodhi, Additional Secretary.
2. Mr. Khalid Durrani, Director General (Projects Wing), Plannaing & Development Division.

3. Mr. Shafiqullah, DFA (Cabinet).

4. Mr. Muhammad Aslam, Accounts Officer (Budget).

1068. *Accounts Examined.*—Accounts pertaining to the following Divisions were examined by the Committee during the meeting:—

1. Cabinet Division (Deferred Accounts).

2. Establishment Division.

3. Culture, Sports and Youth Affairs Division. (Deferred Accounts).

4. Economic Affairs Division.

CABINET DIVISION
(Deferred Accounts)

1069. The Committee took up for its examination the Audit Report etc. pertaining to the Cabinet Division, which were deferred on 14-7-1992. The following departmental representatives were present:—

1. Mr. K. U. Faruqui, Secretary.

2. Mr. Muhmmad Aslam, Joint Secretary.

3. Mr. Farid-ud-Din Ahmad, Chairman (CDA).

4. Mr. Ahmed Waqar, Financial Adviser/Member (CDA).

5. Mr. S. Ibrahim Shah, Director Finance (PCP).

6. Mr. Shabbir Hasan Khan, Director Audit & Accounts (CDA).

7. Mr. Masood Ahmed Bhatti, Additional Director (Admn.) (PCP).

8. Mr. Zia-ul-Hassan, Additional Director (Finance) (PCP).

AUDIT REPORT (CIVIL WORKS) (VOL. II — 1987-88)

1070. *Special Audit Report on Construction of Faisal Masjid (Paras 1.2.1. to 1.2.4.1, pages 3-6-ARCW).*—Audit reported that the construction of Shah Faisal Masjid under Capital Development Authority at Islamabad was originally to be completed in two phases at estimated cost of Rs. 255.877 million. The work on first phase was started in 1976 and on second phase in 1978. AT this stage construction of an auditorium was also included in the project. The cost of scheme was revised to Rs. 550.066 million. The work was expected to be completed in 1986. But it was still continuing in October, 1987 when audit was conducted and expenditure of Rs. 451.648 million had been incurred. Contract management was not efficient, resulting in extra cost of Rs. 2.34 million. Execution of the project by the contractors had many shortcomings, in spite of the fact that concessions were allowed to him which resulted in unjustified payment of Rs. 26.487 million. Project management failed to supervise the project effectively. Avoidable defects like cracks in structure, replacement of broken marble/granite and specific treatment of all joints etc. which had to be removed subsequently added to the cost and did not reflect well on the vigilance of the management. The project was not properly planned. No. PC-I was made when the work started. It was only prepared later due to a CDWP decision. There were many deviations and works worth Rs. 5.65 million had to be demolished.

1071. The department stated that the mosque by any standard was a fine specimen of workmanship. The PC-I was not prepared because initially the CDWP had decided that since the project was being undertaken with foreign donation, there was no need for a formal PC-I because it was not the requirement of the donors/sponsors. However, when the work was finalized, it was advised that PC-I be prepared to regularize the expenditure. The increase in cost was due to additions in the design. The project was unique in size and criteria/standards were not available to estimate the cost on a sound basis. When the PC-I was prepared later, these estimate also proved inaccurate and were the CDWP constituted a social committee to examine the project. The CDA people worked day and night to make the project successful. Certain minor cracks in structure were a normal phenomena and were repaired at the contractor's expense. All the defective marble had since been replaced. The gold plating had been certified by the Pakistan Atomic Energy Commission.

1072. The Committee took serioius note of the fact that a project of such magnitude was started without any PC-I and a basic procedure/criterion laid down by the Government was violated. The Committee observed that the project was certainly of a huge magnitude and a great monument had been erected. But the size of the project itself did not justify deviations from established procedures. In fact management's responsibility further increases whenever foreign aided projects of such magnitude are undertaken because national prestige also becomes involved and this project should serve as model for future enterprises. A Committee comprising Mr. Ismail Maarif, Financial Adviser, Cabinet Division (Convener), Mr. Muhammad Rafique Ahmad, Member Engineering, CDA and Mr. Sikandar Aziz Eşkar, Director-General, Audit & Accounts Works was formed to examine the issues raised in the special audit report. The Committee, which was advised to submit its report within three months, was advised to review the project management aspects of the mosque with reference to the report of special committee formed under chairmanship of Mr. Iqbal Ahmad, Joint Secretary (Dev.), Finance Division, which monitored the construction of Faisal Mosque at the advice of CDWP, and suggest what lessons may be drawn for future projects of similar nature.

1073. *Special Audit Report on Construction of 2nd Carriage-way of Shahrah-e-Kashmir from Zero Point to Service Road (East) of H-9 and G-9 Islamabad (Chapter 2) (Paras 2.2.1. to 2.2.4, pages 10-11-ARCW).*—Audit reported that CDA started the project at an estimated cost of Rs. 2.665 million in December 1982. The work was abandoned in April 1984 after an expenditure of Rs. 1.823 million. The decision to keep the road 11 feet above the existing carriageway was ignored by the contractor who cut soil to level of existing carriageway. The contractor also sold excavated earth but instead of effecting recovery from him, he was fully compensated for excavation. Essential record of the project was not provided to audit.

1074. The department stated that the excavation was done to bring the level of carriageway to the level of the existing carriageway as a split level carriageway would have posed many designing problems and was technically not feasible. The project was shelved because CDWP had decided to give it low priority. However, the earth work already done would be utilized whenever the project is taken up again. Payment made to the contractor for the actual work done by him was fully justified.

1075. The Committee observed that non-production of record to audit was a serious irregularity. The Committee was also not satisfied with the supervision of the project, specially the manner in which the levelling of the carriage was handled and compensation provided to the contractor. It was decided to entrust examination of the issues involved and fixing of responsibility to the Committee formed to examine the affairs of Faisal Mosque.

Other Financial Irregularities (CDA)

1076. *Overpayment of Escalation to a Contractor Rs. 400,366 (Para 3.1, page 15-ARCW).*—Audit pointed out that a contractor claimed escalation on the lines it was paid in another case. The department proposed payment of Rs. 448,276 and the contractor undertook to complete the balance work in case of payment. This undertaking was not mentioned in the note submitted to the

Financial Adviser for approval of payment and he turned down the proposal. Subsequently the contractor made a claim for Rs. 1,133,832 and the Board of CDA approved payment of Rs. 848,642. Thus an amount of Rs. 400,366 was overpaid.

1077. The department submitted that the overpayment was caused due to a formula for payment of escalation adopted by the then Chairman of CDA. However, the formula was later dropped and except for one more case, no similar payment was made. The payment of escalation was not acceptable to the then Financial Adviser of the authority who had advised not to pay the escalation but the then Chairman had used his discretion and directed that payment be made.

1078. The Committee expressed displeasure that rules were violated arbitrarily. The decision of the then Chairman to make payment was not prudent. The Committee formed to examine affairs of Faisal Masjid was advised to take up this para as well and fix responsibility for the irregularity besides recommending suitable action.

1079. *Loss due to non-finalization of tender within validity period Rs. 300,000 (Para 3.2, pages 15-16- ARCW).*—Audit reported that tenders for supply of two generating sets were received on 2nd January 1986. The lowest bidder quoted the rate of Rs. 3,110,912 valid upto 31st January 1986. The department communicated acceptance on 5th February, 1986 but the contractor refused to accept the contract as validity period had expired. Accordingly the contract was awarded to another contractor and an additional amount of Rs. 300,000 was paid due to delay in accepting the tender.

1080. The department stated that they had laid down the condition that validity period would be for sixty days but the lowest bidder had submitted a conditional tender of 29 days, validity which in itself made the offer non-responsive. However, efforts were made to finalize the tender within the validity period and also to persuade the bidder to extend the validity period but it could not materialize.

1081. The Committee observed that in this case public interest was not pursued vigorously. Either the contract, being conditional, should have been rejected outright as a matter of principle, or a serious effort should have been made to expedite decision making about the low offer. There was need to ascertain the responsibility. The Committee formed to look into the affairs of Faisal Mosque was asked to investigate this case as well.

1082. *Loss due to improper planning — Rs. 151,118 (Para 3.3, page 16— ARCW)*—Audit pointed out that CDA called tenders for reconditioning/resurfacing of roads in an area. The lowest bid of Rs. 1.343 million was not accepted on the plea that the Authority had decided to carpet the roads. About four months later, the same work was awarded to another contractor at the cost of Rs. 1.494 million. Thus an overpayment of Rs. 151,118 was made due to improper planning.

1083. The department explained that initial decision of surfacing of the road was changed at the insistence of the residents of that area who wanted carpeting to be done. But when it was found that carpeting was not possible due to non-availability of machinery, surfacing was done to the residents' satisfaction. The Committee accepted the explanation and settled the para. The Committee also advised CDA to hold Departmental Accounts Committee meetings regularly.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII—1987-88)

Printing Corporation of Pakistan (Pvt.) Ltd. Islamabad.

1084. *(Paras 2-3, page 7-ARPSE).*—Audit reported that accounts of PCP for 1990-91 had not been received so far. The department stated that the accounts were delayed because, after audit by chartered accountants, the Annual General Meeting to consider the chartered accountants' report could not be held in time. The Committee accepted the explanation.

1085. *Expected loss of Rs. 524,201 due to retrenchment from the bills (Para 4, page 27—ARPSE.*—Audit pointed out that retrenchments amounting to Rs. 524,201 had been made from the bills of PCP during 1982-83 and 1985-86 while during the last 20 years the Corporation had incurred a loss of Rs. 53.674 million on this account. The Committee decided to discuss the matter in the context of the performance evaluation report of the Corporation for overall assessment of its working.

Deputy Controller, Stationery and Forms

1086. *(Paras 89-92, page 123—ARPSE).*—Audit presented the working results of the Deputy Controller, Stationery and Forms. The organization earned a net profit of Rs. 1.323 million in 1990-91 after continued losses in the preceding three years. The Committee made no comment.

Federal Publication Branch

1087. *(Paras 93-96, page 124—ARPSE).*—Working results of this organization, presented by audit, indicated continued losses during the years 1987-88 to 1990-91. The pace of recovery of sundry debts was unsatisfactory as only Rs. 8,222 were realized during the four years. The closing balance of stock stood at Rs. 6.954 million which indicated that there was no outlet for the publications printed by the organization.

1088. The Principal Accounting Officer pointed out that both Deputy Controller, Stationery and Forms as well as Federal Publications Branch are service departments and expectations from them to earn profit like normal commercial organizations were unrealistic. The Committee observed that there was merit in this observation, but so long as the policy to run these organizations on commerical lines existed, efforts were needed to manage them in a profitable manner. The tendency of government departments to spend money and not utilize the publications subsequently was also undesirable as it amounted to blockage of capital. The Publication Branch was advised to provide a list of such publications as had piled up due to lack of disposal/sale to the Committee.

PERFORMANCE EVALUATION OF PUBLIC SECTOR ENTERPRISES (VOL. IX-C—1989)

Printing Corporation of Pakistan (Pvt.) Ltd. Islamabad

1089. *(Paras 1.1 to 9.3, pages 26–52 Per/Eval Report, 1989).*—Audit presented a re-evaluation report of PCP which was held in the wake of an earlier valuation carried out in 1984. The recommendation to dispose of the present site of Lahore Press in the first evaluation report had not yet been implemented. Sales increased during post evaluation period due to increase in rates and additional work of casual nature. Operational costs continued to increase. Excessive over time, medical charges and production incentives were given to employees in spite of losses incurred by the Corporation. Overstaffing and weaknesses of the management in bargaining with CBA were some of the factors contributing towards the losses. The share capital had completely been eroded by 1984. The accumulated loss had reached Rs. 97.62 million on June 30, 1990. Trade debts increased from Rs. 53 million in 1984 to over Rs. 112 million in 1990. As a result of Balancing, Modernizing and Replacement (BMR) programme, the production capacity had substantially increased but its utilization continued to decline. Loss of production hours continued to be excessive. Printing rates were too excessive and non-competitive. As assessed by Audit, there were remote chances of turning PCP into a financially viable Corporation.

1090. The Ministry acknowledged that the report was positive and indicated real issues and problems faced by the Corporation. The Corporation being a service department was frequently used to do important government work and often resources had to be diverted for such urgent assignments. Only the Press at Islamabad was working properly while the machines at Lahore Press were outdated and the Karachi Press was plagued by labour problems. Efforts had been made to tackle the problems of over-time and wastage of manpower. Gross over staffing had remained a big drain on resources and a major deterrent to profitability. The Press in Lahore could not be sold as the issue had been politicized.

1091. The Committee observed that an action plan be formulated to correct deficiencies pointed out. It was further observed that there was an urgent need to review if the Corporation was capable of doing the work entrusted to it. Different options were available to the government to meet its specialized/emergency/confidential requirements. These options may be considered while determining the future scope of the Corporation. Decisions necessary to reduce the constant drain on the public exchequer need to be expedited.

1092. *Paras not discussed to be treated as settled.—The* Committee did not make any observation on other points/paras in the Audit Report pertaining to the Cabinet Division. These would be treated as settled subject to any action as may be necessary under the rules.

ESTABLISHMENT DIVISION

1093. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Establishment Division. The following departmental representatives were present:—

1. Mr. U.A. G. Isani, Secretary.
2. Mr. Manzoor Hussain, Additional Secretary.
3. Mr. Athar Ali Zaidi, Secretary (FPSC).
4. Mr. Saad Ashraf, Joint Secretary.
5. Mrs. Akhtar Habib, Director General (Staff Welfare Organization).
6. Mr. Aftab Ahmed, Registrar (FST).
7. Sh. Parvez Nusrat, Director (STI).
8. Mr. Muhammad Anwar Raja, Section Officer.
9. Mr. Abdul Majeed Khan, Section Officer (Budget).

1094. 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.	141

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1987-88)

1095. *Grant No. 6 — Establishment Division (Page 72–AA).*—The grant closed with a saving of Rs. 92,598 against which an amount of Rs. 266,000 was surrendered. The Committee made no comment about the grant. However, the Ministry was advised to arrange Departmental Accounts Committee meetings regularly.

1096. *Grant No. 7 — Federal Public Service Commission (Page 73–AA).*—The grant showed saving of Rs. 198,270. While discussing the role of the FPSC under the new governmental policy of recruitment, the Committee advised that it was necessary to finalize recruitment cases whithin six months to establish FPSC's credibility.

1097. *Grant No. 8—Services Tribunal (Page 74—AA).*—The Committee offered no comments about the saving of Rs. 3,996.

1098. *Grant No. 9 — Other Expenditure of Establishment Division (Page 75–AA).*—There was an excess of Rs. 15,698 which the Committee recommended for regularization.

1099. *Grant No. 141.—Development Expenditure of Establishment Division (Page-76—AA).*—The Committee recommended regularization of the nominal excess of Rs. 300.

1100. *Points not discussed to be treated as settled.*—The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Establishment Division. These would be treated as settled subject to any action as may be necessary under the rules.

CULTURE, SPORTS AND YOUTH AFFAIRS DIVISION
(Deferred Accounts)

1101. The Committee took up for its examination the Audit Report etc. pertaining to the Culture, Sports and Youth Affairs Division, which were deferred on 26-7-1992. The following departmental representatives were present:—

1. Mr. Shaukat Hussain, Joint Secretary.
2. Mr. Abdul Wadood Khattak, Deputy Secretary (Sports).
3. Mr. Ayaz Rashidi, Managing Director (NAFDEC).
4. Dr. M. R. Mughal, Director (Archaeology Department).
5. Mr. Aijaz Gul, Head of Export and Film Promotion (NAFDEC).
6. Mr. A.Z. Ansari, Finance Manager (NAFDEC).
7. Mr. Mohanlal S. Ochani, Archaeological Engineer.
8. Mr. Khurram Nasib Ahmed Khan, Section Officer.
9. Mr. Ahmed Razzaq, Section Officer (F&A).

AUDIT REPORT (CIVIL WORKS) (VOL. II—1987-88)

1102. *Performance Audit Report on Preservation and Restoration of Shalimar Gardens, Lahore (Para 4.1.1. to 4.2.7.10, pages 20—26—ARCW).*—Audit reported that the project, which started in 1973, was to be completed in 5 years at a cost of Rs. 15 million. But even after 14 years only 46% work was completed, although the full estimated amount had been spent. There were instances of financial indiscipline which included embezzlement, blockage of government money, contract mismanagement and non-maintenance of essential record. The quality of work was unsatisfactory. The historical monument was not restored to its original character. The basic reason for these loopholes was that PC-I of the project was prepared in seven days only and proper study was not done. There was no escalation clause and hence the financial resources fell short.

1103. The department acknowledged that the PC-I was prepared in emergency and the Archaeology Department did not have any experience of handling so big a project. The accounting errors occurred because the department had no qualified staff and the majority of irregularities were

committed due to inexperience. Some extra items were included as some new discoveries were made during excavation which required additional expenditure. A Committee had already been formed to investigate the embezzlement and after receiving vouchers from audit, the report would be finalized.

1104. The Committee observed that preparation of PC-I in seven days in itself was a negation of the planning process. It was unfortunate that a major historical site was handled in such a casual manner. The reported embezzlement, delay and sub-standard work required investigation. A Committee comprising Mr. Sikandar Aziz Eskar, Director General Audit and Accounts Works (Convener), Mr. Shaukat Hussain, Joint Secretary, Ministry of Culture and Mr. Naveed Hassan, Financial Adviser, Ministry of Culture, was formed to examine the reasons of the failure of project, fix responsibility and suggest appropriate action against the person(s) held responsible. The Committee will submit its report in three months.

1105. The Auditor General pointed out that restoration should be done according to the original form and protection of such national treasures needed to be upgraded. The Committee advised the department to ensure that historical monuments are restored in original form and restoration work should not compromise the historical value. The persons employed for watch and ward may also be supervised effectively.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII—1987-88)

National Film Development Corporation

1106. *Working results of NAFDEC (Para 153, page 150-ARPSE).—From* the working results of NAFDEC presented by audit, it appeared that the share capital of Rs. 1.420 million had been eroded due to continued accumulation of losses despite the fact that the accumulated losses had decreased in 1989-90 from the previous year. The department stated that the basic objective of creation of NAFDEC was to have a film institute, make films, control import of foreign films and raw material and encourage export of local films. The objectives were revised in 1979 and restricted to import of foreign films and raw material and holding of festivals. NAFDEC enjoyed monopoly of import and earned profit till 1990 when this monopoly was withdrawn. A summary had been sent to the Cabinet in May 1992 to revise the objectives of NAFDEC and restore its original status. The Committee recommended that an expeditious decision may be taken by the Cabinet about the future of NAFDEC.

1107. *(Paras 154, page 150—ARPSE).*—Audit pointed out that NAFDEC had taken a loan from the Motion Pictures Exporters Association of America which had been repaid but the MPEAA had demanded an additional amount of Rs. 4.145 million as difference of exchange rate fluctuation which was not covered in the original agreement. However, it was paid and thus the loss of NAFDEC further increased. The department submitted that the amount was paid at the advice of Finance Division and Justice Division. The Committee advised Finance Division to report circumstances of its advice for the payment of the amount in spite of NAFDEC's reservations.

1108. *(Paras 155, page 150—ARPSE).*—Audit reported that NAFDEC unauthorizedly utilized an unspent balance of Rs. 2 million of the grant for a Chinese project. The department explained that the unspent balance was utilized for making the film "Khak Aur Khoon" which was a national project. The Committee, while observing that even the best of intentions cannot justify non-observance of rules, advised that the amount may now be got regularized.

1109. *(Paras 175, page 151—ARPSE).*— Audit pointed out that an amount of Rs. 1.893 million outstanding for the last 10 years was stated to be sub-judice. The department informed that the case had been decided in NAFDEC's favour for Rs. 4 million and efforts were being made to recover it. The Committee advised that the recovery action may be expedited.

1110. *(Para 159, page 151-ARPSE).*—Audit reported that two tenants of NAFDEC building had deducted a sum of Rs. 146,224 from the rent of building which was a loss to NAFDEC. The department explained that the tenants had deducted the amount on account of paint and white wash of the premises. The Committee settled the para.

1111. *Points not discussed to be treated as settled.*—The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Culture, Sports and Youth Affairs Division. These would be treated as settled subject to any action as may be necessary under the rules.

ECONOMIC AFFAIRS DIVISION

1112. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Economic Affairs Division. The following departmental representatives were present:—

1. Mr. R. A. Akhund, Secretary.
2. Sheikh Muhammad Saleem, Joint Secretary.
3. Mr. Ahmed Hussain Malik, Director of Accounts.
4. Mr. Abdul Rauf, Accounts Officer.
5. Mr. Muhammad Yusuf, Section Officer.
6. Mr. S. M. Raza Zaidi, Section Officer.

1113. This Division controlled the following grants:—

S. No.	Name of Grant.	Grant No.
1.	Economic Affairs Division.	50
2.	Technical Assistance Schemes.	51
3.	Development Expenditure of Economic Affairs Division.	151

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1987-88)

1114. *Grant No. 50—Economic Affairs Division (Page 152—AA).*—An amount of Rs. 41,000 was surrendered out of the saving of Rs. 217,471, leaving a net saving of Rs. 176,471. The Committee made no comment.

1115. *Grant No. 51—Technical Assistance Scheme (Page 153—AA).*—The entire provision in the charged portion was utilized, while in the other than charged portion the Ministry surrendered an amount of Rs. 3,868,000 against the saving of Rs. 1,766,035 causing an excess of Rs. 2,101,965. The Ministry explained that the accounts had been reconciled with AGPR and the discrepancy was rectified. The Committee accepted the explanation.

1116. *Grant No. 151—Development Expenditure of Economic Affairs Division (Page 155—AA).*—The entire amount in this grant was utilized by transfer to provinces. The Committee offered no comment.

1117. *Points not discussed to be treated as settled*:—The Committee did not make any obseration on other points/paras in the Audit Report pertaining to the Economic Affairs Division. These would be treated as settled subject to any action as may be necessary under the rules.

1118. The Committee than adjourned to meet again at 9.30 A.M. on Wednesday, the 29th July, 1992.

KHAN AHMAD GORAYA,
Secretary General.

Islamabad, the 10th December, 1992.

NATIONAL ASSEMBLY SECRETARIAT

Wednesday, the 29th July, 1992.
Twenty Second Sitting (PAC)

1119. The Public Accounts Committee assembled at 9.30 A.M. in Committee Room No. 2 of the Parliament House, Islamabad to continue to examination of the Federal Government Accounts for 1987-88. The following members attended the meeting:—

Public Accounts Committee:

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

National Assembly Secretariat:

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

Audit:

1. Mr. Muhammad Naseer Ahsan, Auditor General of Pakistan.
2. Mr. Najm Hosain Syed, Deputy Auditor General (GA).
3. Mr. Zaheeruddin Jeddy, Deputy Auditor General (CA&E).
4. Mr. A.R. Arif, Director General (GA).
5. Mr. Irfan Hussain, Director General (CA).
6. Mr. Shamim Haider, Director General Audit (Federal Government).
7. Mr. Niamatullah Abid, Director General (PEC).
8. Mr. Ahmed Rasul Bangash, Additional Accountant General.
9. Mr. Muhammad Ayub Tarin, Director (Foreign Audit).

Ministry of Finance:

1. Mr. Mahmood Ahmed Lodhi, Additional Secretary.
2. Mr. Tanwir Ali Agha, Joint Secretary (Budget).

3. Mr. Mukhtar Ahmed, FA (Labour & Manpower).

4. Mr. Nabi Ahmed Khan Lodhi, DFA (Labour & Manpower).

1120. *Accounts Examined.*—Accounts pertaining to the following Ministries/Divisions were examined by the Committee during the meeting:—

1. Labour Division.
2. Manpower & Overseas Pakistanis Division.
3. Ministry of Religious Affairs & Minorities Affairs.
4. Advisory Council for Islamic Ideology.
5. Ministry of Education.

LABOUR DIVISION

1121. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Labour Division. The following departmental representatives were present:—

1. Mr. Safdar Hussain Kazmi, Secretary.
2. Mr. Khalique Ahmed Khan, Joint Secretary.
3. Mr. Karam Elahi, Joint Secretary.
4. Sheikh Barkatullah, Chairman (EOBI).
5. Mrs. Zulekha Zar, Director General (NILAT).
6. Mr. Khalid Ikram, Deputy Director General (EOBI).
7. Mr. Najmuddin Najmi, Director (DWE).
8. Mirza Shahid Beg, Deputy Director (NILAT).
9. Mr. Saeed Ahmed Khan, Section Officer.
10. Mr. N.D. Naveed, Accounts Officer (WWF).

1122. This Division controlled the following grants:—

S. No.	Name of Grant.	Grant No.
1.	Labour Division.	100
2.	Other Expenditure of Labour Division.	101
3.	Development Expenditure of Labour Division.	163

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1987-88)

1123. *Grant No. 100 — Labour Division (Page 286—AA).*—There was an excess of Rs. 40,969 in the grant which was attributed to revision of pay scales. The Committee recommended it for regularization.

1124. *Grant No. 101 — Other Expenditure of Labour Division (Page 287—AA).*—This grant closed with an excess of Rs. 209,895,770, while an amount of Rs. 76,473 was surrendered. The Ministry explained that this amount reflected excess income rather than excess expenditure. An estimated amount of Participation Fund recoverable from various companies was included in the budget but sometimes income exceeds the estimates, the excess income being credited to a reserve fund. It was pointed out that this matter was also considered by the PAC while examining the accounts for 1985-86 and it was decided that the Ministry and Audit would bring up an agreed arrangement to ensure that the excess income does not get reflected as an excess over authorization. The Ministry acknowledged that, as a follow-up of the decision meetings were held and a system has been developed for better reconciliation. The Committee, while recommending the excess for regularization, expressed the hope that the new arrangement would ensure that such excesses do not get reflected in the accounts in the subsequent years.

1125. *Grant No. 163 — Development Expenditure of Labour Division (Page 290—AA).*—An amount of Rs. 219,000 was surrendered out of the saving of Rs. 1,525,500 leaving net saving of Rs. 1,306,500. The Ministry stated that the expenditure could not be incurred due to non-utilization of provision against foreign exchange and non-filling of posts, while a portion of the amount surrendered was not taken into account. The Committee observed that unjustified savings in development expenditure would not be viewed with satisfaction. There was need to improve financial management and to ensure that meetings of Departmental Accounts Committee are held regularly.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII—1987-88)

Employees Old-Age Benefits Institution

1126. *Infructuous Expenditure of Rs. 243,858 on hiring of Office Building (Para 45, page 72-ARPSE).*—Audit reported that EOBI hired a building at Mirpur (Azad Kashmir) as a collection office at a monthly rent of Rs. 1,000 during 1980—1984. But no collection was received at the office during that period and the entire expenditure of Rs. 243,858 was wasted.

1127. The Ministry stated that the office was opened at the request of Azad Kashmir government but it could not prove useful despite efforts because legal and logistical support assured by the government of Azad Kashmir could not materialize in time. The institutions covered under the scheme were not pursued to contribute their share and the officers of EOBI were not given the powers of Assistant Collector Grade-I. However, recently the Azad Kashmir government had delegated powers to officers of EOBI and the Azad Kashmir office was likely to become fully functional. The Committee settled the para.

1128. *Working results of EOBI (Para 388, page 243 — ARPSE).*—Presenting the working results of EOBI, audit pointed out that the accounts reflected a satisfactory performance. The funds had accumulated to Rs. 7.715 million upto 1990-91. The Committee expressed satisfaction at the working results and hoped that the administrative expenses would be kept under control.

1129. *(Para 389, page 243—ARPSE).*—Audit reported that Rs. 223 million were outstanding against various industries on 31st December 1985 which rose to Rs. 288 million on 20th February, 1986. But the recoverable amounts were not being shown in the accounts. The department stated that contributions actually realized vary from 35 to 45 per cent of the estimated amount. Audit had used the estimates to work out the discrepancy but estimates were not normally reflected in accounts. Certain arrears also pertain to industries which had ceased to exist. EOBI Board had set up a committee to settle the issue of organizations which did not exist any longer. The settlement of recoverable amount being a continuous process, some arrears were inevitable. The Committee observed that given the significance of recovery in the profitability and performance of the Institution, a proper mechanism be developed to determine the recoverable amount and reflect it adequately in the accounts so that the performance could be evaluated realistically.

1130. *(Para 390, page 243—ARPSE).*—Audit pointed out the laxity in reconciliation of payments made by the banks on behalf of the institution. The department informed that reconciliation was an on-going process. In the beginning there were difficulties due to non-availability of technically trained staff, however, the system had been computerized and it was hoped that reconciliation would be completed during the current year. The Committee settled the para.

1131. *(Para 391, page 243 — ARPSE).*—Audit submitted that physical verification of stores and fixed assets was not carried out as on 30th June, 1987. The Ministry informed that it had been done. The Committee advised that report in this regard may be provided to audit. Para was settled, subject to verification by Audit.

1132. *Points not discussed to be treated as settled.*—The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Labour Division. These would be treated as settled subject to any action as may be necessary under the rules.

MANPOWER AND OVERSEAS PAKISTANIS DIVISION

1133. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Manpower and Overseas Pakistanis Division. The following departmental representatives were present:—

1. Mr. Safdar Hussain Kazmi, Secretary.
2. Mr. A.H. Sajid, Joint Secretary.
3. Mr. Muhammad Muneer, Director General (NTB).
4. Mr. Muhammad Ibrahim Khan, Director General (BE&OE).
5. Mr. Fayyazur Rehman, Managing Director (OEC).
6. Mr. M. Ashraf Cheema, Director General (NTP).
7. Mr. A. R. Siddiqui, Managing Director (OPF).
8. Mr. Javed Hafiz, Director General (Inspection).
   Ministry of Foreign Affairs (By Special Invitation).
9. Mr. Habibur Rehman Khan, Secretary (OPF).
10. Ch. Muhammad Munir, OSD (F&A).

1134. This Division controlled the following grants:—

S. No.	Name of Grant.	Grant No.
1.	Manpower and Overseas Pakistanis Division.	102
2.	Development Expenditure of Manpower and Overseas Pakistanis Division	164

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1987-88)

1135. *Grant No. 102 — Manpower and Overseas Pakistanis Division (Page 289-AA).*—The grant closed with an excess of Rs. 4,113,981, which the Ministry attributed to fluctuation of foreign exchange rate, transfer of Community Welfare Attaches, revision of pay scales and payment of overtime

allowance etc. The excess was incurred in various foreign missions. The Committee observed that even if the expenditure was valid, the manner in which excess was incurred did not indicate good financial management. Lack of attention to proper budgeting resulted in a situation of three budgets *i.e.* original budget, supplementary budget and excess budget statement which was highly undesirable. The Principal Accounting Officer was advised to re-examine the reasons for excess and take action against the persons held responsible under intimation to the Committee.

1136. *Grant No. 164 — Development Expenditure of Manpower and Overseas Pakistanis Division (Page 291-AA).*—There was a saving of Rs. 10,880,219 out of which Rs. 10,796,500 were surrendered, leaving a net saving of Rs. 83,719. The Committee observed that saving in development expenditure was not commendable as development works constituted an investment towards the future.

AUDIT REPORT (CIVIL) (VOL. I—1987-88)

1137. *Loss of Rs. 143,806 in payment of rent of a vacant residence (Para 1, pages 110-111-AR).*—Audit reported that a residential flat, which had fallen vacant on 16th April 1987, was retained by a mission for the Community Welfare Attache and advance rent amounting to Rs. 143,806 was also paid upto July 31, 1988. The official joined the mission on 31st December 1987 and refused to occupy the flat on the plea that it was in poor condition. He was allowed to occupy another flat and thus the rent paid for the earlier flat was wasted.

1138. The Ministry stated that the flat was retained as it was expected that an officer would soon be posted and advance rent was paid because lease had expired. However, the ambassador had ordered the payment of advance rent and retention of the house. The representative of Ministry of Foreign Affairs, who had been especially invited to the meeting, explained that the ambassador spends the budget on behalf of the Manpower Division and he must have sought prior approval of the Division for retention of flat.

1139. The Ministry observed that it was a clear case of wastage of public money. The Principal Accounting Officer was advised to hold investigation and fix responsibility for the loss. Necessary action may be taken against the person(s) held responsible. It was also decided that names of people involved in loss of public money would be publicized in future.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII—1987-88)

Overseas Employment Corporation

1140. *Overpayment of Rs. 105,551 on account of inadmissible pay and allowances to deputationists (Para 46, page 73-ARPSE).*—Audit pointed out that the Overseas Employment Corporation allowed higher grades and allowances to officers borrowed from the Ministry of Defence in 1982-83, resulting in overpayment of Rs. 105,551. The deputationists had since been repatriated and two of them had retired.

1141. The department explained that they had tried to make recovery from the officers still in service but could not succeed. The Committee took a serious view of the fact that the audit observation was not attended when first raised by audit in 1985 because at that time recovery could have been easier. A Committee comprising Mr. Irfan Hussain, Director General, Commercial Audit (Convener), Mr. Mukhtar Ahmad, Financial Adviser, Manpower and Overseas Pakistanis Division and Mr. Fayyaz-ur-Rehman, Managing Director, Overseas Employment Corporation, was formed to examine the case of overpayment, fix responsibility and recommend as to how recovery could be made from the person held responsible. The Committee would submit its report in three months.

1142. *Working results of Overseas Employment Corporation (Paras 392-393, page 244—ARPSE).*—The Committee decided to take up these paras with the performance evaluation report of the Corporation.

1143. *(Para 395, page 245— ARPSE).*—Audit reported that the OEC had not paid the outstanding dues of the individuals who had deposited fees but could not go abroad. They had piled up to Rs. 1.62 million. Similarly, visa fee of Rs. 688.000 payable to government had not yet been deposited.

1144. The Ministry informed that the amount due to members of the public could not be cleared as the persons concerned did not take interest in claiming the amount. However, the OEC took the initiative to clear the liability and now the amount had been reduced to Rs. one million. The government dues had been deposited in full on fifth July and as the financial position of the Corporation was now sound, all government dues would henceforth be paid in time.

1145. The Committee endorsed the view point of the Finance Division that the Corporation should pay all the government dues in time.

Overseas Pakistanis Foundation

1146. *Loss of Rs. 8.001 million due to ignoring the lowest bid for construction work (Para 47, page 74-ARPSE).*—Audit pointed out that the Overseas Pakistanis Foundation did not awarded contract for a construction work to the lowest bidder in the tender who had offered rates of Rs. 122 per sq. ft. Instead personal contacts were utilized and contract was awarded to a firm which had not participated in the tender @Rs. 165 per sq. ft., causing a loss of Rs. 8,000,540.

1147. The Ministry stated that as pre-qualification was not done for the work, firms having no reputation also participated in the tender. It was decided by the then Minister that reputable firms like Gammon and MLC may be approached. MLC offered rate of Rs. 200 per Sq. ft. which was reduced to Rs. 165 per square feet after negotiations. The decision to ignore the tenders was taken in view of the importance and urgency of the work because Cabinet was stressing that progress may be reported at the earliest.

1148. The Committee observed that the Cabinet should have been informed about the procedural aspects by the Ministry. Even if the work was done satisfactorily, it should not be made a precedent for deviation from the rules and procedure, because deviation from rules creates misgivings and doubts. Nobody including Ministers had been given the discretion to violate rules. It was desired that the Committee's displeasure be conveyed to the persons responsible including the then Minister and Managing Director.

1149. *Loss of Rs. 3.157 million due to ill-planned scheme of travel service (Para 48, pages 74-75-ARPSE)*—Audit reported that the OPF incurred a loss of Rs. 3,157 million in an ill-planned travel service which was started in 1981 with 50 wagons and was closed after incurring heavy operational losses.

1150. The Ministry explained that the service was started as a facility for Overseas Pakistanis and was not conceived as a profit making enterprise. The Committee expressed displeasure at the manner in which the scheme was handled.

1151. *Irregular placement of furniture and fixture for Rs. 193,908 at the residence of Chairman (Para 49, pages 75-76-ARPSE).*—Audit reported that the Overseas Pakistanis Foundation purchased certain articles of furniture worth Rs. 193,908 in 1985 for the residence of the then State Minister for Labour, Manpower and Overseas Pakistanis, Rai Mansab Ali, who was also the Chairman of OPF. On withdrawal from the *ex*-Minister in June 1988, the furniture was supplied to the new Minister, Malik Mukhtar Ahmad Awan, in January 1989. This supply was not covered by any rules.

1152. The Ministry explained that the furniture was supplied to the Ministers for maintaining office at their residence. The Committee did not accept this explanation and expressed its displeasure that public funds were misused by certain individuals for personal benefit. It advised that names of the

Ministers who availed this unjustified personal benefit may be publicized along with facts of the case. The Committee also observed that senior officers of Ministries and departments encourage Ministers to avail of undue benefits instead of advising them on their correct entitlement and resisting requests for undue facilities. They were as such equally responsible for the misuse of funds. it was decided that in future names of such officers would also be publicized. The department was advised to submit a report regarding latest position of the furniture within one month, as it was claimed that the furniture was being used in the office of OPF and had not been issued to the incumbent Minister or Minister of State.

1153. *(Para 397, page 246—ARPSE).*—Audit presented working results of OPF which indicated a healthy trend. The Committee made no observation.

1154. *(Para 398, page 246 — ARPSE).*—Audit pointed out that the OPF invested a sum of Rs. 270,000 in Kaghan Brick Works Limited as equity while long term loans worth Rs. 17.349 million were also outstanding against the works. The Committee decided to take up the para with the working results of Kaghan Brick Works Limited.

1155. *(Para 399, page 246 — ARPSE).*—Audit reported that no proper system to verify the correctness of the amount of contribution towards Welfare Fund was available. The department informed that a new system for maintaining accounts had been adopted and position would improve in a few month. The Committee settled the para.

1156. *(Para 400, page 247 — ARPSE).*—Audit submitted that the Foundation had subsidized the operating and educational expenses of a girls college, but the operating results had not been incorporated in OPF's accounts. The department stated that the college would henceforth be treated as a separate entity, its accounts would be audited by the D.G. Commercial. Audit and report submitted to PAC. The Committee settled the para.

1157. *(Para 401, page 247—ARPSE).*—Audit pointed out that OPF spent Rs. 50,000 on architecture and design of its office building, but subsequently the site was changed and the amount was wasted. The Ministry informed that the competent authority had accepted justification for change of site and the amount had been written off. The Committee settled the para.

1158. *(Para 402, page 247 — ARPSE)*—Audit reported that OPF had not allocated plots and houses worth Rs. 347.09 million in various schemes, causing a blockage of funds. The department stated that all the plots had been disposed of. The Committee observed that the housing schemes undertaken by OPF deserved a detailed examination. The Principal Accounting Officer was advised to submit a comprehensive report to the Committee about land purchased by OPF in various cities.

Kaghan Brick Works Limited

(i) *Loss of Rs. 10.490 million due to excess consumption of natural gas (Para 52, pages 77-78-ARPSE)—*

(ii) *Blockage of capital of Rs. 2.543 million due to ill-Planned and incomplete construction of kiln (Para 53, pages 78-79-ARPSE)—*

(iii) *(a) Loss of Rs. 213,500 due to unjustified payment of discount on sale of 305,000 bricks (b) unjustified allowance of discount of Rs. 1,657 million on sale of bricks (Para 54—pages 80-81-ARPSE)—*

(iv) *(Paras 398, 404, 405, 407, pages 246 & 248-ARPSE)—*

1159. Audit pointed out that all the above paras pertained to Kaghan Brick Works Limited which was purchased from the private sector in 1981-82 and was since going in loss. The Ministry informed that efforts were being made to dispose of the plant as it was a losing concern. The Committee

observed that it was obvious that the purchase of brick works was ill-intentioned and not in the interest of the Foundation. Since the kiln constituted to be a constant drain on the Foundation's resources. The PAC advised that a Committee comprising Mr. Mukhtar Ahmad, Financial Adviser, Manpower and Overseas Pakistanis Division (Convener), Mr. A.R. Siddiqui, Managing Director, Overseas Pakistanis Foundation and Mr. Irfan Hussain, Director General, Commercial Audit may examine as to what action may be taken regarding the Kaghan Brick Works Limited. The Committee, which would submit its report in three months, was also advised to examine the individual cases pertaining to Kaghan Brick Works Limited reported by audit.

PERFORMANCE EVALUATION OF PUBLIC ENTERPRISES (VOL. IX-A—1989)

1160. *Performance Evaluation Report on Overseas Employment Corporation (Pvt.) Limited, Rawalpindi (Paras 1.1 to 9.3, pages 204 to 235 PER).*—In the Performance Evaluation report, it was pointed out by audit that in the initial five to six years of operation the number of employment provided to Pakistanis in foreign countries increased gradually, reaching an all time high in 1980-81. However, after 1980-81 the number of employment cases gradually decreased till it reached 2260 cases in 1990-91 which was less than 15% of the level achieved in 1981. Revenue realization also showed corresponding decline. By 1990-91, the Corporation had incurred an accumulated loss of Rs. 4.8 million, almost completely eroding the equity. The reason was that private promoters were allowed to compete with OEC and its market share during 1981—91 averaged less than 7%. However, during the year 1991-92, the number of employment cases doubled compared with the number of cases processed annually since 1988-89. The Corporation earned an all time high revenue of Rs. 23.2 million upto May, 1992. Apparently the accumulated losses were likely to be converted into profit. The profitability, however, was partly a result of increase in service charges from Rs. 1450 to Rs. 3450 per person effective since May, 1991. Better marketing could also have contributed to it.

1161. The Ministry stated that the Corporation had improved its performance by hard work. It hoped that the profitable trend would continue. The Corporation was constantly in touch with the Community Welfare Attaches in Pakistani Missions abroad. The system of dealing with promoters had been streamlined. Licenses were given promptly and almost 20,000 people were being sent abroad every month through OEC and private promoters. On a query from the Committee regarding the repatriate from Kuwait the department informed that out of the 60,000 Pakistanis who had come back from Kuwait, 50,000 had returned to Kuwait.

1162. The Committee observed that the performance of the Corporation was satisfactory as it had overcome the losses and had started to earn profit. It was hoped that the trend would continue. The Principal Accounting Officer was advised to take measures to improve the public image of the Corporation by responding to the complaints of corruption and misuse of powers. Vigorous action on reported embezzlement cases was also advised. The matter of utilization of Insurance money received from Pakistanis going abroad which was laying with the State Life Insurance Corporation also needed attention by the Ministry in consultation with the Finance Division.

1163. *Points not discussed to be treated as settled.*—The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Manpower and Overseas Pakistanis Division. These would be treated as settled subject to any action as may be necessary under the rules.

MINISTRY OF RELIGIOUS AFFAIRS AND MINORITIES AFFAIRS

1164. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Ministry of Religious Affairs and Minorities Affairs. The following departmental representatives were present:—

1. Mr. Mazhar Rafi, Secretary.
2. Mr. Ghulam Muhammad Taj, Joint Secretary.

3. Mr. Muhammad Iqbal, Deputy Secretary (Admn).
4. Mr. A.D. Shaukat, Section Officer (F&A).

1165. This Ministry controlled the following grants:—

S. No.	Name of Grant.	Grant No.
1.	Ministry of Religious Affairs and Minorities Affairs.	113
2.	Other Expenditure of Ministry of Religious Affairs and Minorities Affairs.	115

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1987-88)

1166. *Grant No. 113 — Ministry of Religious Affairs and Minorities Affairs (Page 344-AA).*—There was a saving of Rs. 4,771,751 in the grant. Rs. 4,662,000 were surrendered leaving a net saving of Rs. 109,751. The Committee did not comment on the nominal savings.

1167. *Grant No. 115 — Other Expenditure of Ministry of Religious Affairs and Minorities Affairs (Page 346-AA).*—The grant closed with a saving of Rs. 16,375,021 out of which Rs. 11,909,000 were surrendered, leaving a net saving of Rs. 4,466,021. The Committee made no comment about the grant. While referring to various apprehensions regarding the working of the Haj Directorate, the Committee advised the Auditor-General to take up performance audit of Haj Directorate, Jeddah and Haj Foundation.

1168. *Points not discussed to be treated as settled.*—The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Ministry of Religious Affairs and Minorities Affairs. These would be treated as settled subject to any action as may be necessary under the rules.

ADVISORY COUNCIL FOR ISLAMIC IDEOLOGY

1169. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Advisory Council for Islamic Ideology. The following departmental representatives were present:—

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

1170. This Council controlled Grant No. 114—Advisory Council for Islamic Ideology.

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1987-88)

1171. *Grant No. 114 — Advisory Council for Islamic Ideology (Page 345—AA).*—The grant closed with a saving of Rs. 282,486. Rs. 100,000 were surrendered, leaving a net saving of Rs. 182,486. The Committee did not offer any comment.

1172. *Points not discussed to be treated as settled.*—The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Advisory Council for Islamic Ideology. These would be treated as settled subject to any action as may be necessary under the rules.

MINISTRY OF EDUCATION

1173. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Ministry of Education. The following departmental representatives were present:—

1. Mr. Mazharul Haq Siddiqui, Secretary.
2. Dr. Ijaz Ahmed Chaudhry, Joint Educational Adviser.
3. Mr. Muhammad Razi Abbas, Deputy Secretary.
4. Miss. Afroze Begum, Director General (FDE)(Islamabad).
5. Mr. M. Saghir Qureshi, Director Colleges (Islamabad).
6. Col. Sadiq Mueen, Deputy Director (FGEI).
7. Maj. Abdul Hameed Saqi, GSO-II (FGEI) (C&G), Rawalpindi.

1174. This Ministry controlled the follwing grants:—

S No.	Name of Grant.	Grant No.
1.	Ministry of Education.	34
2.	Education.	35
3.	Federal Government Educational Institutions in the Capital and Federal Areas.	36
4.	Federal Government Educational Institutions in the Cantonments and Garrisons.	37
5.	Development Expenditure of Ministry of Education.	148

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1987-88)

1175. *Grant No. 34 — Ministry of Education (Page 136—AA).*—There was a saving of Rs. 491,042 in the grant. The Committee made no observation.

1176. *Grant No. 35 — Education (Page 137—AA).*—The grant registered a saving of Rs. 604,227. The Committee observed that had the amount been allocated to Universities, they could have overcome their losses to some extent and the saving could have been avoided.

1177. *Grant No. 36 — Federal Government Educational Institutions in Capital and Federal Areas (Page 138-AA).*—The entire saving of Rs. 100,000 was surrendered in time. The Committee did not offer any comment.

1178. *Grant No. 37 — Federal Government Educational Institutions in Cantonments and Garrisons (Page 139—AA).*—There was an excess of Rs. 1,478,899. The Committee accepted the explanation that excess was in pay and allowances and recommended its regularization.

1179. *Grant No. 148 — Development Expenditure of Ministry of Education (Page 140-AA).*—The grant closed with a saving of Rs. 133,876,107 out of which Rs. 72,606,000 were

surrendered, leaving net saving of Rs. 61,270,107. The Ministry explained that the saving was caused due to non-receipt of foreign aid in time. The Committee accepted the explanation.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII—1987-88)

National Book Foundation

1180. *Working results of the Foundation (Para 214, page 172 — ARPSE)*—The Committee decided to take up the working results of National Book Foundation with the Performance Evaluation Report.

1181. *(Para 215, page 172 — ARPSE)*—Audit reported that out of debts amounting to Rs. 10.138 million, recovery of Rs. 5.758 million has been verified. Book debts stood at Rs. 7.466 million on 30-6-1991, out of which a provision of Rs. 2.465 million for doubtable debts had been made. The Committee made no comments.

1182. *(Para 216, page 173—ARPSE)*—Audit pointed out that the Foundation had an inventory of imported books worth Rs. 1.743 million on 30-6-1991, which indicated that position of sale of imported books was not satisfactory. The Ministry informed that the balance stock had been reduced to Rs. 1.01 million. The Committee advised audit to verify the position.

PERFORMANCE EVALUATION OF PUBLIC ENTERRISES (VOL.IX-C—1989)

1183. *Performance Evaluation Report on National Book Foundation, Islamabad (Paras 1.1 to 6.2, pages 6-16-PEPE)*—In the performance evaluation report, Audit pointed out that the first performance evaluation report, prepared in 1985, was discussed by the PAC in 1988. Re-valuation was conducted in pursuance of the PAC's directive. The Foundation, which was established to provide books at moderate prices to students and general public, had published 953 foreign reprinted books and 1302 general books. The cost of books published was very high. A book printed for Rs. 100 actually cost the Foundation Rs. 400 due to huge overheads. Delay in printing of text books gave opportunity to private publishers to supply books in market at much lower rates. Thus market share of the Foundation was reduced and stock of unsold books had increased. The stock amounted to Rs. 26.6 million on 30th June, 1991. The Foundation faced financial crises time and again and received financial assistance by the Government to the tune of Rs. 66 million upto June, 1992. Sales continued to decrease, dropping to Rs. 8.81 million 1990-91 as compared to Rs. 22.2 million in 1986-87. The Foundation incurred a loss of Rs. 7.19 million in 1990-91. Accumulated loss on 30-6-1992 was Rs. 29.88 million. 40 — 50% of sales usually remained stuck as trade debts. The Foundation was overstaffed. The organization had not succeeded in meeting its basic objective of supply of standard books for school and college students. Audit therefore stressed that basic decisions regarding future of the organization were required.

1184. The Ministry stated that the financial position of the Foundation is very poor indeed and a major contributing factor being the interest paid to the Federal government on the working capital. It has been requested that the loan may be converted into a grant to make the Foundation self-sufficient. Text books of very good quality are being supplied by the Foundation at reasonable prices. A recommendation had already been made for merging the National Book Foundation and National Book Council. The Board of Governors has not yet been formed by the Federal Government. So, its meeting could not be held. However, the delay in publication had been eliminated.

1185. The Commitee observed that the Foundation should adopt measures to clear the existing stock. Audit's recommendation regarding merger of National Book Foundation and National Book Council was also endorsed. Concern was expressed at the fact that the Board or Governors had not yet been formed which was a basic requirement for the smooth functioning of the foundation. The Principal Accounting Officer was advised to review the evaluation report in detail and consider the recommendations for adoption.

1186. The Committee desired to know the Ministry's plans for improving the financial position of Universities. The Principal Accounting officer stated that a very high level Committee had been formed to review the financial position of the Universities. The Committee had recommended that the losses of the Universities could be balanced either in installments or in lump sum. Similarly, the new education policy, which had been approved in principle by the Cabinet, had made some recommendations for improving the working of Universities. The policy would soon be implemented and the position of the Universities would hopefully improve by the year 2000 as a result of proposed measures.

1187. The Committee also advised the Ministry to provide record of Nai Roshni Schools for audit to enable audit to finalize its report in three months and inform the Committee.

1188. *Points not discussed to be treated as settled*—The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Ministry of Education. These would be treated as settled subject to any action as may be necessary under the rules.

1189. The Committee then adjourned to meet again at 9.30 A.M. on Thursday, the 30th July, 1992.

KHAN AHMAD GORAYA,
Secretary General.

Islamabad, the 10th December, 1992.

NATIONAL ASSEMBLY SECRETARIAT

Thursday, 30th July, 1992.
Twenty Third Sitting (PAC).

1190. The Public Accounts Committee assembled at 9.30 A.M. in Committee Room No. 2 of the Parliament House, Islamabad to continue the examination of the Federal Government Accounts for 1987-88. The following members attended the meeting:—

Public Accounts Committee:

1.	Mr. Hamza, MNA.	*Chairman*
2.	Mian Abdul Sattar Lalika, Minister for Information & Broadcasting.	*Member*
3.	Syed Shahid Mehdi Naseem, Minister of State for Natural Resources.	*Member*
4.	Rana Tanveer Hussain, Parliamentary Secretary for Finance.	*Member*
5.	Mir Balakh Sher Mazari, MNA.	*Member*

National Assembly Secretariat:

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

Audit:

1. Mr. Muhammad Naseer Ahsan, Auditor-General of Pakistan.
2. Sh. Muhammad Sadiq, Accountant General Pakistan Revenue.
3. Mr. Najm Hosain Syed, Deputy Auditor-General (GA).
4. Mr. Zaheeruddin Jeddy, Deputy Auditor General (CA&E).
5. Mr. A.R. Arif, Director General (GA).
6. Mr. Irfan Hussain, Director General (CA).
7. Mr. Shamim Haider, Director General Audit (Federal Government).

Ministry of Finance:

1. Mr. Mahmood Ahmed Lodhi, Additional Secretary.
2. Mr. Tanwir Ali Agha, Joint Secretary (Budget).

3. Mr. I. M. Mohsin, Director General (Projects Wing), Planning and Development Division.

4. Mr. Zafar Mian, Financial Adviser (Health).

5. Mr. Imdad Ahmed Mian, DFA (Health).

1191. *Accounts Examined.*—Accounts pertaining to the following Divisions were examined by the Committee during the meeting:—

1. Population Welfare Division.

2. Health Division.

3. Special Education & Social Welfare Division.

4. Aviation Division.

POPULATION WELFARE DIVISION

1192. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Population Welfare Division. The following departmental representatives were present:—

1. Mr. Mahbub Ahmad, Additional Secretary (Incharge).

2. Mr. Khalil Ahmad Siddiqui, Joint Secretary (Planning).

3. Mr. Bashir-ud-Din Ahmad, Director (SMC).

4. Mr. Iqbal Hassan Makhdoomi, Director (FM).

5. Mr. Ghulam Rabbani, Deputy Director (Planning).

6. Dr. Hashim Popalzai, Section Officer (F&A).

1193. This Division controlled the following grants:—

S. No.	Name of Grant.	Grant No.
1.	Population Welfare Division.	110
2.	Development Expenditure of Population Welfare Division.	168

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1987-88)

1194. *Grant No. 110—Population Welfare Division (Page 331-AA).*—There was a saving of Rs. 187,465 in the grant which was surrendered. The Committee made no comment.

1195. *Grant No. 168—Development Expenditure of Population Welfare Division (Page 333—AA).*—The grant closed with a saving of Rs. 142,558,059. Almost all the saving was surrendered. The Committee did not make any observation.

(i) *Performance Audit Report on Contraceptive Requirement and Distribution (Paras 1.1 to 7.5, pages 143—150-AR)—*

(ii) *Performance Audit Report on Social marketing of Contraceptives in Pakistan (Paras 1.1 to 2.11, pages 153—158-AR)—*

1196. Audit presented a combined brief on the two performance audit reports. The project for contraceptive requirement and distribution was started in 1985. Its objective was to expedite the Government efforts to control population growth and check the expected birth of 1.2 million children during 1985—88. An amount of Rs. 567 million was allocated for the purpose with the help of USAID, government of Great Britain and U.N. Family Planning Association for forecasting the requirement, purchase and distribution of preventive medicine. A Central Depot was established from where medicine stock was despatched to various district centres through Government and non-Government organizations. Targets of the project were only partially achieved. Distribution of various medicines ranged between 27 to 95 per cent of the targets. Success in control over population growth remained 58% of the target. Audit attributed shortfall in target achievement to ineffective publicity, lack of efforts to develop social and political awareness, inefficient performance of the government structure, non-existence of a monitoring system improper maintenance of central depot and inefficient financial management. Resultantly only Rs. 316 million could be spent against the estimates of Rs. 567 million. The other project for social marketing of contraceptives was started with the help of a private enterprise and had similar objectives. Audit pointed out that out of Rs. 190 million allocated for the project, only Rs. 90 million could be spent and it was expected to achieve 51% of the targets by its completion in June 1989. Under the project 192 million condoms and 9 million oral pills were to be distributed but only 53 million condoms were distributed while the oral pills were not distributed at all. The project which was to start in 1984, took off in 1987. However, the project consultants, NDFC, were paid consultancy fee since 1984. Audit stated that failure of this project could be attributed to problems of administrative nature. The PC-I of the project was approved very late. With a view to making population planning programmes more effective, Audit recommended enhanced cooperation between implementing agencies concerned, proper accounting procedures, proper publicity to create public awareness and better administrative control of the programme parameters.

1197. The department acknowledged that the two projects could not succeed as the people were not mentally prepared for it. Proper publicity was not done. A family planning service at national level could not be established. The rural population was not involved in such programmes. Basic infrastructure was not available and use of media for publicity was allowed to a limited extent only. After learning the basic lessons a pilot programme was being launched to cover 13,000 villages each having population in excess of 2,000. A married lady resident from each village would be appointed as worker who would register ladies and motivate them to use family planning methods. In cities, as well, training and medicine would be provided to people at government expense. Political leaders were being approached to convince people. The Government had also allowed use of meida for publicity with certain reservations. Religious opposition had also subsided to some extent and it was to be hoped that positive results would be achieved.

1198. The Committee observed that in view of the intensifying pressure on limited resources and negative implications for national developmental efforts, population control programmes should be accorded the highest priority. It was sad that in the earlier projects public money was spent without proper organizational structure and full governmental commitment to the ideas of population planning. As a result not only the money spent had gone waste but developmental efforts had received a major set back. Now that the importance of proper administrative machinery had been established the pilot programme should not be launched and Government money spent in any half-hearted manner. The need for effective utilization of electronic media to motivate the public was of basic significance Cooperation of Ulema and leaders of public opinion should also be solicited. The success of Bangladesh

and Indonesia in family planning had indicated that such programmes could be successful in Muslim countries. The example and experience of these countries should be studied and emulated. In any case crude attempts and wastage of resources should be avoided. It was also discussed that motivational campaign should be launched with caution and both women and men should be motivated. Only such people should be recruited in the programme as were themselves convinced of the importance of the programme.

1199. *Points not discussed to be treated as settled.*—The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Population Welfare Division. These would be treated as settled subject to any action as may be necessary under the rules.

HEALTH DIVISION

1200. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Health Division. The following departmental representatives were present:—

1. Mr. A.R. Siddiqi, Secretary.
2. Mr. Faris Rehman Khan, Joint Secretary.
3. Mr. Zia Muhammad, Deputy Secretary.
4. Dr. Abdul Ghafoor, Executive Director (NIH).
5. Dr. Fahim Arshad Malik, Deputy Director General (Health).
6. Chaudhry A.A. Mujahid, Director (Malaria Control).
7. Dr. Qazi Abdus Saboor Khan, Deputy Director General (Health).
8. Dr. Malik Manzoor Ahmed Khan, Deputy Director General Health (BHS Cell).

1201. This Division controlled the following grants:—

S. No.	Name of Grant.	Grant No.
1.	Health Division.	65
2.	Medical Services.	66
3.	Public Health.	67
4.	Development Expenditure of Health Division.	156

APPROPRIATION ACCOUNT (CIVIL) (VOL. I—1987-88)

1202. *Grant No. 65—Health Division (Page 222-AA).*—The grant closed with a saving of Rs. 309,679. The Committee made no observation.

1203. *Grant No. 66—Medical Services (Page 223-AA).*—There was an excess of Rs. 1,039,575 in the grant. Although the Ministry stressed that there was a saving in the grant as per their record, Audit pointed out that the reconciliation of accounts with AGPR was not satisfactory. The Committee agreed

that the problem had arisen due to non-effective reconciliation. The Ministry was advised to reconcile the figures with audit and submit report to Committee to enable it to formulate recommendation regarding regularization of the excess expenditure. The Committee also stressed need for effective internal audit and regular convening of Departmental Accounts Committee meetings by the Ministry.

1204. *Grant No. 67 — Public Health (Page 224-AA).*—An amount of Rs. 1,521,200 was surrendered out of the total saving of Rs. 1,808,884. Thus there was a net saving of Rs. 287,684. The Committee did not offer any comment.

1205. *Grant No. 156 — Development Expenditure of Health Division (Page 229-AA).*—There was a saving of Rs. 283,506,157. Rs. 101,130,450 were surrendered, leaving a net saving of Rs. 182,375,707. The Ministry stated that the saving was caused because the expenditure of foreign aid could not be booked in time due to complexity of procedures. The Committee accepted the explanation.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII—1987-88)

1206. *Biological Production Division, National Institute of Health (Paras 2-3, page 20-ARPSE).*—Audit pointed out that accounts of the Biological Production Division were submitted late. The accounts for 1989-90 and 1990-91 were not received in time. From the accounts for 1988-89 it appeared that the institute suffered a net loss of Rs. 2.121 million. The Ministry stated that in future accounts would be submitted in time. The losses for the year occurred becasue the cost of production increased but prices were not revised. However, since then a system of annual adjustment of prices had been adopted. Resultantly the Division's working on no profit no loss basis was now being reflected in the accounts. The Committee was informed that currently the demand of snake bite serum from provinces was being met and capacity could be increased if necessary.

1207. *Points not discussed to be treated as settled.*—The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Health Division. These would be treated as settled subject to any action as may be necessary under the rules.

SPECIAL EDUCATION AND SOCIAL WELFARE DIVISION

1208. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Special Education and Social Welfare Division. The following departmental representatives were present:—

1. Mr. Mohammad Alim Baluch, Secretary.
2. Mr. S. M. Hasan, Additional Secretary/DG.
3. Mr. Muhammad Shareef, Deputy Secretary.
4. Mr. Munawar Khan, Section Officer (F&A).
5. Mr. Akhtar Munir, Director (A&C).
6. Mr. Khalid Naeem, Director-I.
7. Mr. Mumtaz Hussain Malik, Director-II.
8. Mr. Mujeebul Haq, Director-III.
9. Dr. Mrs. Saleha Suhag, Director-IV.

10. Miss. Najeeba Nasreen, Deputy Director (Finance).

11. Mr. Anwar-ul-Haq, Accounts Officer.

12. Mr. Zahoor Ahmed, Accounts Officer.

13. Mr. Masood Ahmad Cheema, Accounts Officer.

1209. This Division controlled the following grants:—

S.No.	Name of Grant	Grant No.
1.	Special Education and Social Welfare Division.	68
2.	Other Expenditure of Social Welfare.	69
3.	Special Education.	70
4.	Other Expenditure of Special Education Division.	71
5.	Development Expenditure of Social Welfare.	157
6.	Development Expenditure of Special Education.	158

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1987-88)

1210. *Grant No. 68—Special Education and Social Welfare Division (Page 225-AA).*—An amount of Rs. 274,182 was surrendered against the saving of Rs. 261,023. The Committee made no observation.

1211. *Grant No. 69 — Other Expenditure of Social Welfare (Page 266—AA).*—The original grant was Rs. 123,000. A supplementary grant of Rs. 50,000,000 was also taken to make the final grant Rs. 50,123,000, out of which Rs. 50,121,025 were spent leaving a saving of Rs. 1,975. The Committee was informed that the supplementary grant was taken for a special fund created for the welfare of widows, orphans and destitute and the total amount was transferred to the fund. Regarding utilization of the fund the Ministry stated that only a part of the amount had been utilized so far to give financial aid to the needy people who were required to submit applications through their elected representatives to the Prime Minister's Secretariat. The balance was being transferred to Bait-ul-Maal. The amount could not be consumed due to non-formulation of rules for the operation of the fund. Recently the Prime Minister had decided to make payments to widows, orphans and disabled persons out of the fund. It had also been decided that in future the rules of Bait-ul-Maal would apply to the fund as well.

1212. The Committee took serious note of the fact that rules could not been framed to utilize a charitable fund despite lapse of five years. Audit was advised to examine utilization of the fund and submit report to the Committee.

1213. *Grant No. 70 — Special Education (Page 227—AA).*—There was an excess of Rs. 8,212,699 in the grant. The Ministry initially contended that as per their record there was a saving of Rs. 2.3 million. Audit, however, pressed that during a reconciliation carried out on 17th January 1989, the Ministry had accepted the excess in the grant. The Committee advised the Audit and Ministry to reconcile the figures and submit a mutually acceptable report to the Committee. Recommendations for regularization of the excess was withheld pending the reconciliation of accounts.

1214. *Grant No. 71—Other Expenditure of Special Education Division (Page 228—AA).*—The total allocation under the grant, Rs. 3,798,000 was transferred to other organizations. It was pointed out that in case of such expenditure through transfer, audit certificate for proper utilization of the amount by the receiving agencies was necessary. The Ministry stated that the amounts were given to registered non-governmental organizations (NGOs) with the condition that full account of utilization would be rendered. The Committee advised Audit to certify that all transfer payments to NGOs and other agencies were spent on *bona fide* purposes in accordance with rules and regulations.

1215. *Grant No. 157—Development Expenditure of Social Welfare (Page 230—AA).*—The grant closed with a saving of Rs. 652,361 out of which Rs. 156,006 were surrendered, leaving a net saving of Rs. 496,355. The Ministry explained that some social welfare projects could not be started and posts were not filled which caused the saving. The Committee advised the Ministry to have internal audit and hold Departmental Accounts Committee meetings.

1216. *Grant No. 158—Development Expenditure of Special Education (Page 231—AA).*—Audit reported a net saving of Rs. 35,208,582 but the Ministry contended that the saving was less because an amount of Rs. 19 million transferred to a PLA had not been booked by audit. The representative of Finance Division pointed out that although funds had been transferred to PLA with their concurrence, the use of development funds by the Division left much to be desired and there was need for a special audit of their development funds.

1217. The Committee advised that audit and Division may reconcile figures of the grant and submit report to the Committee. Audit was also advised to take up speical audit of development expenditure of the Division in consultation with Finance Division who would assist in determining the scope and terms of reference for the audit. Report of the special audit would be submitted in three months.

1218. *Points not discussed to be treated as settled.*—The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Special Education and Social Welfare Division. These would be treated as settled subject to any action as may be necessary under the rules.

AVIATION DIVISION

1219. The Committee deferred the examination of the accounts of Aviation Division for 1987-88. These will be taken up with the accounts of the Division for 1988-89.

1220. The Committee thereafter, adjourned *sine-die.*

KHAN AHMAD GORAYA,
Secretary General.

Islamabad, the 10th December, 1992.

DETAILS OF EXCESS EXPENDITURE 1986-87

(247—248)

DETAILS OF EXCESS EXPENDITURE 1986-87

Name of Ministry	Grant No.	Grant Name	Original Grant	Supplementary Grant	Final Grant	Actual Expenditure	Excess	PAC Recommendations
1	2	3	4	5	6	7	8	9
Ministry of Commerce.	16	Ministry of Commerce	107,044,000	32,000	107,076,000	109,656,611	2,580,611	The Committee recommended the excess for regularization.
Ministry of Communications.	19	Ministry of Communications.	9,277,000	300,000	9,577,000	9,590,161	13,161	—do—
	177	Capital Outlay of Post Office Department.	66,995,000	—	66,995,000	67,458,862	463,862	—do—
	20	Pakistan Post Office Deptt. (O.T.C.)	827,950,000	175,000	828,125,000	855,785,526	27,660,526	—do—
	21	PT&T Deptt. (O.T.C.)	2,008,735,000	—	2,008,735,000	2,026,369,160	17,634,160	—do—
Ministry of Education.	35	Education.	1,074,898,000	901,000	1,075,799,000	1,077,480,068	1,681,068	—do—
Finance Division.	40	Superannuation Allowances and Pensions (Other Than Charged).	540,101,000	125,394,000	665,495,000	773,891,146	108,396,146	—do—
	42	Other Expenditure of Finance Division.	412,297,000	280,022,000	692,319,000	1,568,484,031	876,165,031	—do—
	43	Grants-in-aid & Miscellaneous adjustments between Federal & Provincial Govts. (Other Than Charged).	10,403,625,000	1,449,864,000	11,853,489,000	12,044,618,690	191,129,690	—do—
	150	Development Expenditure on Special Programme.	1,500,000,000	120,002,000	1,620,002,000	1,622,552,000	2,550,000	—do—
	—	Servicing of Domestic Debts (C).	14,746,666,000	577,784,000	15,324,450,000	17,015,365,912	1,690,915,912	—do—
	—	Foreign Loans Repayment (C).	8,244,977,000	923,209,000	9,168,186,000	9,276,140,724	107,954,724	—do—

1	2	3	4	5	6	7	8	9
	—	Repayment of Domestic Debt. (C).	365,881,087,000	10,597,328,000	376,478,415,000	390,910,775,550	14,432,360,550	Recommendation on excess was deferred pending reconciliation of actuals.
	—	Repayment of Short Terms Foreign Loans.	2,392,454,000	193,245,000	2,585,679,000	2,585,684,007	5,007	The Committee recommended the excess for regularization.
Ministry of Foreign Affairs.	64	Foreign Affairs.	511,210,000	—	511,210,000	553,322,847	42,112,847	The Committee recommended the excess for regularization.
	65	Other Expenditure of Ministry of Foreign Affairs (O.T.C.)	62,930,000	17,705,000	80,635,000	91,649,428	11,014,428	—do—
Ministry of Housing & Works.	74	Works Division.	5,300,000	354,000	5,654,000	5,682,965	28,965	—do—
	75	Civil Works (Other Than Charged).	279,953,000	40,000	279,993,000	324,496,168	44,503,168	The Committee recommended the excess for regularization and directed to give detailed explanation of excess.
		(Charged)	5,500,000	1,000	5,501,000	5,501,718	718	—do—
Ministry of Information & Broadcasting.	86	Information Services Abroad.	39,129,000	1,600,000	40,729,000	51,400,394	10,671,394	M/o Information & Broadcasting & Fin. Div. were directed in persuance of an earlier PAC directive that a meeting should be convened without delay. Either M/o Information & Broadcasting should convince Finance Division for allocating funds adequate to cover its existing operation abroad or operations should be scaled down to the level of available resources.
Ministry of Interior.	89	Ministry of Interior.	20,365,000	946,000	21,311,000	24,355,218	3,044,218	The Committee recommended the excess for regularization.

1	2	3	4	5	6	7	8	9
	90	Islamabad	95,546,000	22,315,000	117,861,000	119,839,868	1,978,868	A Committee Comprising AGPR (C), F.A., M/o Interior and D.S(A) M/o Interior was constituted to give its report within one month. The Committee recommended regularization of excess in the grants in the light of Committee's report.
	92	Civil Armed Forces.	1,124,163,000	79,342,000	1,203,505,000	1,293,204,157	89,699,157	
	93	Registration Organisation.	81,177,000	15,000	81,192,000	87,922,529	6,730,529	
	95	Federal Investigation Agency.	46,087,000	5,410,000	51,497,000	53,295,265	1,798,265	
Manpower & Overseas Pakistanis Division	101	Manpower and Overseas Pakistanis Division.	46,060,000	19,000	46,079,000	46,343,337	264,337	The Committee recommended the excess for regularization.
Kashmir Affairs & Northern Affairs Division.	128	Other Expenditure of Kashmir Affairs & Northern Affairs Division.	706,280,000	10,002,000	716,282,000	835,222,328	118,940,328	The Committee directed to improve the handling of funds and recommended it for regularization.
Ministry of Petroleum and Natural Resources.	188	Capital Outlay on Petroleum and Natural Resources.	2,637,322,000	—	2,637,322,000	2,949,578,493	312,256,493	Detailed explanation be given in the next PAC meeting.
Ministry of Water and Power.	194	Capital Outlay on Irrigation & Electricity.	369,513,000	—	369,513,000	389,195,645	19,682,645	The Committee recommended the excess for regularization.
Ministry of Railways.	111	Pakistan Railways.	247,704,000	236,995,000	484,699,000	495,193,091	10,494,091	—do—
	191	Capital Outlay on Pakistan Railways. (Other Than Charged).	534,271,000	185,785,000	720,056,000	872,200,000	152,144,000	—do—
Ministry of Defence.	33	Defence Services.	37,179,000,000	1,587,860,000	38,766,860,000	39,940,941,978	1,174,081,978	—do—

MINUTES OF THE PAC FOR 1986-87

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NATIONAL ASSEMBLY SECRETARIAT

PROCEEDINGS OF THE MEETINGS OF THE PUBLIC ACCOUNTS COMMITTEE ON THE FEDERAL GOVERNMENT ACCOUNTS FOR THE YEAR 1986-87

Saturday, the 27th May, 1989.
First Sitting (PAC).

The Public Accounts Committee, after completing its review of the accounts, Audit Reports for 1985-86, took up for its examination the Federal Accounts for 1986-87. The following members attended the meeting, which as usual was held in Committee Room No. 2 of the Parliament House, Islamabad :—

Public Accounts Committee:

1. Mr. Hakim Ali Zardari, MNA. — *Chairman*
2. Dr. Mehboob-ur-Rehman, Minister of State for Food and Agriculture. — *Member*
3. Syed Parvez Ali Shah Jillani, Minister of State for Youth Affairs. — *Member*
4. Syed Muhammad Aslam, MNA. — *Member*
5. Sardar Ashiq Muhammad Khan Mazari, MNA. — *Member*

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Joint Secretary.
2. Mr. Arif Mansur, Deputy Secretary (PAC).
3. Mr. Mulazim Hussain Kazmi, Officer on Special Duty (PAC).

Audit:

1. Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
2. Syed Iftikhar Shabbir, Deputy Auditor-General (GA).
3. Mr. A.A. Zaidi, Director General (G A).
4. Sheikh Muhammad Sadiq, Accountant General Pakistan Revenues.
5. Mr. Nayyar Bakht, Director General, (Railway Audit).

Ministry of Finance and Planning and Development Division:

1. Dr. M.A. Aghai, Director General (Projects Wing). Planning and Development Division.
2. Mr. Hameed Akhtar Niazi, FA (Communications).

2. *Accounts Examined*—Accounts pertaining to the Ministry of Railways were examined by the Committee during the meeting.

MINISTRY OF RAILWAYS

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

1. Mr. H. A. Majeed, Chairman/Secretary.
2. Mr. K. N. Cheema, Member (Finance).
3. Mr. K. A. Khurshid, Member (Mechanical Engineering).
4. Mr. S. Zahoor Ahmed, Member (Traffic).
5. Mr. Muhammad Ashraf Sheikh, Member (Civil Engineering).
6. Mr. S. M. Waheeduddin, General Manager.
7. Mian Muhammad Ashiq, Chief Engineer.
8. Mr. Riaz Mahmood, Chief Engineer (S & C).
9. Mr. M. Ziaullah, Chief Mechanical Engineer.
10. Mr. Muhammad Aslam, Chief Commercial Manager.
11. Mr. Irshad Ahmad Sheikh, Chief Engineer, (Concrete Sleeper Factories).
12. Mr. S. Z. H. Bokhari, Director (Finance).
13. Mr. S. Naqi Mohsin, FA & CAO (Internal Audit).
14. Mr. Khalid Rashid, FA & CAO.
15. Mr. Ashiq Ali Butt, Deputy Director (Budget).

4. This Ministry controlled the following grants :—

S. No.	Name of Grant	Grant No.
	Civil	
1.	Capital Outlay on Investment in Railways.	137
2.	Capital Outlay on Pakistan Railways.	191
	Pakistan Railways	
1.	Pakistan Railways.	111
2.	Other Capital Expenditure of Pakistan Railways.	138
3.	Capital Outlay on Pakistan Railways.	191

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1986-87)

5. *Grant No. 137-Capital Outlay on Investment in Railways (Page 350-AA).*—The grant closed with a saving of Rs. 11,189,542. It was explained that uncertainties about position regarding repayment of foreign loans and lack of coordination between the Administrative Division and EAD prevented the

saving from being surrendered in time. An assurance was given by the Secretary that in future, as already instructed by the PAC in the previous meeting, strict monitoring of the loans would be carried out by the Ministry itself. The Committee expressed the hope that the Ministry would follow-up on this assurance seriously and improved position would come before the PAC in its next meeting.

6. *Grant No. 191-Capital Outlay on Pakistan Railways (Page 351-AA).*—There was no variation.

APPROPRIATION ACCOUNTS (PAKISTAN RAILWAYS) (VOL. V—1986-87)

7. *Grant No. 111-Pakistan Railways (Pages 10-11-AA-Railways).*—Excess of Rs. 10,494,091 under "Charged" Section, as explained, was due to resources gap which in turn increased the interest charges on the over-draft drawn from State Bank. Saving of Rs. 63,441,383 in respect of "Other than Charged" expenditure was converted into an excess of Rs.24,576,617 after withdrawal of Rs. 88,018,000 by Finance Division and was recommended by the Committee for regularisation through Excess Budget Statement alongwith the excess of Rs. 10,494,091 under "Charged" Section.

8. *Grant No. 138-Other Capital Expenditure of Pakistan Railways (Page 12-AA-Railways).*—Saving of Rs. 12,600,925 under "Other Than Charged" was reported to be due to sprinkling of allocations over a large number of locations. It was assured that works were now being under taken in such a way that they were completed within the same financial year. The Committee took serious notice of non-utilisation of Rs. 873.020 million kept in Railways Improvement Fund. The Principal Accounting Officer was advised to make the utilisation more effective and Audit was asked to prepare a brief for bringing the unsatisfactory position to the notice of the Prime Minister. (The brief was sent to the Prime Minister by the Chairman, PAC on 30-5-1989).

9. *Grant No. 191-Capital Outlay on Pakistan Railways (Page 13-AA-Railways).*—

Final Grant.	Rs. 1,740,233,000
Actuals.	Rs. 1,668,965,000
Saving.	Rs. 71,268,000

10. Audit pointed out that while explaining Grant No. 186-Capital Outlay on Pakistan Railways, for 1985-86, the excess expenditure of Rs. 129,409,383 was attributed by the Ministry of Railways to an error of Rs. 178,747,000 due to adoption of an incorrect rate of exchange. On hearing the above explanation, PAC had recommended the above amount for inclusion in Excess Budget Statement for the year.

11. In explaining the saving under the above grant for 1986-87 it was stated by the Ministry that the saving of Rs. 71,268,000 was due to write back of the above accounting error of Rs. 178,747,000. The correct position for the above grants after correction of error in 1985-86 accounts comes as under:—

11-A. Grant No. 186-Capital Outlay on Pakistan Railways (Page 13-AA-Railways).—

1985-86

Final Grant.	Rs. 1,827,632,000
Actual	Rs. 1,778,294,383
Saving	Rs. 49,337,617

(Hence no excess is to be regularized)

12. The position for 1986-87 was that there was an excess of Rs. 152,144,000.

13. The Ministry has to explain the above excess for consideration of the Committee. Excess was attributed to various factors like increase in the purchase price of Yen, increase in rates of sales tax and customs duty on certain imported equipments. Various short-comings were pointed out by Audit in this general explanation. After discussion, the Ministry promised to provide details of expenditure to Audit. It was decided that the excess would be deemed to be recommended for regularisation through Excess Budget Statement provided the Auditor-General is satisfied with the detailed explanation of the Ministry.

AUDIT REPORT (PAKISTAN RAILWAYS) (VOL. VI—1986-87)

14. *Overdraft from State Bank (Para 2.10, pages 8-9-AR-Railways).*—Audit reported that the Railways budgeting system had a peculiar basis. Its earning and expenditure was estimated and there was a provision of over-draft from State Bank in case expenditure exceeded the earnings. This over-draft has a certain specified limit and when actual drawal exceeded this limit interest at a panel rate is charged. Audit drew the attention of the Committee to various problems inherent in the system. The departmental representative explained that the over-draft limit had been recently increased from a highly unrealistic Rs. 100 million to Rs. 300 million. It was also argued that the Railways budget had a very high component of mandatory payments like pension and pay emoluments. Further due to antiquated rolling stock and poor condition of tracks, maintenance costs were exceptionally high. These constraints left very little manoeuverability to the administration. The situation required that the Railway budgeting should be realistically reviewed.

15. As a result of detailed discussion the Committee was of the opinion that current over-draft system had an undesirable effect of bringing an unrealistic financial position before the Parliament and it directed that a detailed paper high-lighting the financial problems being faced by the Railways be submitted after the current Budget Session of the National Assembly.

16. *Concrete Sleeper Factories (Paras 3.1.1 to 3.9.7, pages 23—31-AR-Railways).*—Audit explained that, in order to reduce dependence on the import of wooden sleepers, Railways decided to establish 4 RCC sleepers factories at the cost of Rs. 256 million including a foreign exchange component of Rs. 88.50 million. The factories were to be set up at Shahinabad, Kotri, Kohat and Kiridhor/Bostan alongwith one Prestressed Concrete Sleeper (PSC) factory at Khanewal. The factories at Khanewal and Kotri started production in December, 1981, while factories at Kohat and Shahinabad were commissioned in January and March, 1982, respectively. The construction of the 5th sleeper factory was deferred. Actual production of four factories during 1981 to June, 1985 was 800,460 sleepers against the target of 1,354,166 sleepers. Only 687,480 sleepers were supplied to the engineering department for laying. Average utilisation of the sleeper factories during the 5th Five Year Plan period (1977—83) and 6th Five Year Plan period (1983—88) was Rs. 0.218 million and Rs. 0.184 million per annum respectively against a rated capacity of Rs. 0.550 million for the five factories. Audit argued that actual utilization did not justify investment in four additional factories.

17. The Committee considered the Performance report and agreed with Audit's contention that only one factory would have been sufficient and planning of five factories was exceptionally wasteful of national resources. The Committee further observed that actual utilization could be increased since the available track was in need of extensive re-habilitation-Enhanced utilization would also tend to reduce per unit cost and would have a beneficial over all effect. The Railways may also consider diversification of the available potential into areas like manufacture of electricity transmission poles for WAPDA.

18. *Facilities for transportation of lime-stone and Dolomite from Makli and Jhimpir (Paras 4.1.1 to 4.3.10, pages 35—43-AR-Railways).*—Audit pointed out that Pakistan Steel Mills, Karachi had a regular requirement of lime-stone and dolomite for its plants. These raw materials were available as ores at Makli and Jhimpir, respectively. On recommendation of M/s. TRECON consultant, a project for

handling the transportation of these ores was undertaken by Railways. Two sidings, one from Makli to Jangshahi Railway Station and other from crusher plant to Jhimpir Railway Station were taken up as Railways own project. The project was approved in April, 1979 at a cost of Rs. 84.101 million including Foreign Exchange component of Rs. 13.076 million, where-in the cost of Civil Engineering portion was Rs. 44.466 million including Foreign exchange component of Rs. 1.866 million. It was to be completed within 17 months. The main objectives of the project were:—

(i) Transportation of 2000 tons of lime-stone and 800 tons of dolomite daily to steel mills;

(ii) Transportation of 300 tons of slag daily from Steel Mills to proposed Cement Factory at Thatta;

(iii) Transportation of 80 tons of Gypsum daily from Daud Khel/Khewra to the proposed Cement Factory Thatta; and

(iv) Transportation of 1000 tons of Cement daily from Cement Factory to the other parts of the country.

Construction of the siding was delayed for 1-1/2 years. The project went into operation in October, 1981. The traffic handling from 1981 to 1987 was far less than the project had anticipated. Railways earning during the period (1980-81 to 1986-87) was Rs. 70.695 million against the target of Rs. 365.300 million. One reason for this was a 50% shortfall in demand by the Pakistan Steel Mills. Railways could not fulfil even the reduced demand which resulted in failure to capture traffic amounting to Rs. 4.767 million during the period 1982-83 to 1986-87. Railways also lost probable revenue of Rs. 1.927 million due to rejection of 1814 wagons by the Steel Mills. This inefficient utilization of an available opportunity resulted in considerable traffic of lime-stone and slag being diverted to road transportation sector which cashed the opportunity by offering cheaper rates. It was argued by the departmental representative that the project was feasible. The major reason for under-achievement in this regard was that the Pakistan Steel Mills was not operating at 100% capacity due to various reasons. This situation was expected to improve and every effort would be made to capture the available earning potential.

19. The Committee observed that Railways had gone ahead with a substantial development project without obtaining a formal commitment from Pakistan Steel Mills binding it to the utilisation of the facilities being developed by Railways exclusively for their requirements. The Committee further observed that Pakistan Steel Mills should make every effort to utilize the facilities on which large amount had been spent from the Public exchequer.

20. The Committee decided to defer, to its next session, consideration of remaining Audit Paras of Ministry of Railways for 1986-87.

21. The Committee then adjourned to meet again at 9.30 A.M. on Sunday, the 28th May, 1989.

KHAN AHMAD GORAYA,
Secretary General.

Islamabad, the 10th December, 1992.

NATIONAL ASSEMBLY SECRETARIAT

Sunday, the 28th May, 1989.
Second Sitting (PAC).

22. The Public Accounts Committee assembled at 9.30 A.M. in Committee Room No. 2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1986-87. The following members attended the meeting:—

Public Accounts Committee:

1. Mr. Hakim Ali Zardari, MNA. — *Chairman*
2. Dr. Mehboob-ur-Rehman, Minister of State for Food and Agriculture. — *Member*
3. Syed Parvez Ali Shah Jillani, Minister of State for Youth Affairs. — *Member*
4. Syed Muhamad Aslam, MNA. — *Member*
5. Sardar Ashiq Muhammad Khan, Mazari, MNA. — *Member*

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Joint Secretary.
2. Mr. Arif Mansur, Deputy Secretary (PAC).
3. Mr. Mulazim Hussain Kazmi, Officer on Special Duty (PAC).

Audit:

1. Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
2. Syed Iftikhar Shabbir, Deputy Auditor-General (GA).
3. Mrs. Suraiya Hafeez, Deputy Auditor-General (CA & E).
4. Mr. A.A. Zaidi, Director General (GA).
5. Sh. Muhammad Sadiq, Accountant General Pakistan Revenues.
6. Mr. Zulqarnain Qureshi, Director General Audit (Federal Govt).
7. Mr. Fazlur Rehman, Director General (Commercial Audit).
8. Mr. Nayyar Bakht, Director General (Railway Audit).
9. Mr. S. T. Rehman, Director General, Audit and Accounts, Works.

Ministry of Finance and Planning and Development Division:

1. Mr. Ahmad Shamsul Huda, FA (Cabinet).
2. Mr. Nasim Ahmad, FA (Education).
3. Mr. Raza Ashraf, DFA (Cabinet).
4. Mr. I.A. Saeed, DFA (Education).
5. Mr. Iqbal Hamid, Deputy Secretary.
6. Mian Abdul Hakim, Director (Project Wing), Planing and Development Division.

23. *Accounts Examined.*—Accounts pertaining to the following Ministries/Divisions were examined by the Committee during the meeting:—

1. Cabinet Division (including CDA).
2. Ministry of Education.
3. Pakistan Atomic Energy Commission.
4. Wafaqi Mohtasib Secretariat.
5. Ministry of Railways (Remaining portion).

CABINET DIVISION

24. The Committee took up for its examination the Apropriation Accounts, Audit Report etc. pertaining to the Cabinet Division. The following departmental representatives were present:—

1. Mr. Hasan Zaheer, Secretary.
2. Mr. Tewfiq Fehmi, Additional Secretary.
3. Mr. Zafar Hasan Mahmud, Joint Secretary (NDC).
4. Mr. M. Asghar Khan, Joint Secretary/Director General (ERC).
5. Mr. Khalid Amin Qureshi, Deputy Secretary.
6. Mr. Muhammad Latif, Section Officer.
7. Mr. Shamshad Ali Rana, Section Officer.
8. Mr. Ghulam Mohiuddin, Controller (Stationery & Forms, Karachi).
9. Mr. M.A. Jabbar, Additional Secretary/Director General (PCP).
10. Mr. Mazhar Rafi, Chairman (CDA).
11. Mr. Shamsher Ali Khan, FA/Member (CDA).

12. Mr. Tayyab Ali Sheikh, Deputy Director General (Works) (CDA).

13. Mr. A. R. Javed, Deputy Director General (Services) (CDA).

14. Dr. N. A. Baloch, Adviser (National Hijra Council).

15. Mr. M. M. Kazim, Senior Member (FLC).

16. Mr. Ahmad Owais Pirzada, Secretary (FLC).

17. Dr. A. Sattar, Director General (Computer Bureau).

18. Mr. Salim A. Chaudhry, Director General (Deptt. Communication Security).

19. Dr. Muhammad Shafi Ahmad, Chairman (SUPARCO).

20. Khawaja Abdul Waheed, Member (Finance) (SUPARCO).

21. Mr. Iftikhar Aziz Ahmad, Deputy Director (Intelligence Bureau).

25. This Division controlled the following grants:—

S No.	Name of Grant	Grant No.
1.	Cabinet	1
2.	Cabinet Division	2
3.	Emergency Relief and Repatriation	3
4.	Land Reforms	4
5.	Other Expenditure of Cabinet Division	5
6.	Stationery and Printing	15
7.	Capital Outlay on Land Reforms	134
8.	Development Expenditure of Cabinet Division.	139
9.	Capital Outlay on Works of Cabinet Division.	175
10.	Capital Outlay on New Federal Capital.	176

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1986-87)

26. *Grant No. 1—Cabinet (Page 22—AA).*—After surrendering Rs. 5,285,886 a net saving of Rs. 1,467,170 was reported by the Division. The residual saving was explained as the amount kept available for any possible cabinet expension. No comments were given by the PAC.

27. *Grant No. 2—Cabinet Division (Page 23-AA).*—There was a net saving of Rs. 516,003 after surrender of Rs. 23,657,379. No. comments were offered by the Committee.

28. *Grant No. 3—Emergency Relief and Repatriation (Page 24-AA).*—A sum of Rs. 3,522, 578 was surrendered leaving a negligible net saving of Rs. 4,888. The Committee did not make any comments.

29. *Grant No. 4—Land Reforms (Page 25-AA).*—Rs. 286,500 were surrendered by the department against saving of Rs. 281,393. The Committee did not make any observation.

30. *Grant No. 5—Other Expenditure of Cabinet Division (Page 26-AA).*—No comments were offered by the Committee on the net saving of Rs. 836,659 after surrender of Rs. 4,552,963.

31. *Grant No. 15—Stationery and Printing (Page 29-AA).*—The grant closed with a technical excess, since against a saving of Rs. 5,263,887, the department had surrendered Rs. 7,164,871.

32. *Grant No. 134 Capital Outlay on Land Reforms (Page 30-AA).*—Saving was reduced to Rs. 056,918 after surrendering Rs. 33, 510, 880. The Committee was informed that the surrendered amount pertained to funds allocated for settlement of certain of old cases which were under protracted litigation. Once it was assured that the cases would not be settled in the current financial year the amount was surrendered. The Committee desired to know as to how many cases pertaining to the two land reforms were still pending. Position in this regard was explained by the dpartmental representative. The Committee was not satisfied with the explanation and directed that special efforts should be undertaken to settle all outstanding cases and advise from Law Division obtained in this regard.

33. After the meeting, the senior Member, Federal Land Commission in a Communication addressed to the Secretary, National Assembly Secretariat clarified that the total cases outstanding before the Commission were 626 and not in excess of 5000 as the Committee was given to understand during the meeting. It was also informed that with the appointment of a whole time Chairman and three members the finalization process would be expedited.

34. *Grant No. 139—Development Expenditure of Cabinet Division (Page 31-AA).*—No comments were offered by the Committee on the negligible net saving of Rs. 1,063 after surrender of Rs. 2,385,656.

35. *Grant No. 175—Capital Outlay on Works of Cabinet Division (Page 33-AA).*—There was no variation since the entire saving of Rs. 20, 974,000 was surrendered.

36. *Grant No. 176—Capital Outlay on New Federal Capital (Page 34-AA).*—The entire grant of Rs. 311,000,000 was utilized by the department.

AUDIT REPORT (CIVIL WORKS) (VOL. II—1986-87)

Capital Development Authority

37. *Mis-management in land disposal by Capital Development Authority involving of Rs. 384,116,070 (Para 3.2(i), (ii) and (iii), pages 32—34-ARCW).*—While assessing financial implications of the land disposal policies pertaining to CDA land, Audit observed that:—

(a) *Para 3.2 (i)*—Some commercial plots were not auctioned but were allotted to selected persons at determined prices in 1981—85, involving loss of Rs. 378,926,452 to the Authority.

(b) *Para 3.2(ii)*—A few commercial plots auctioned in 1981-82 were subsequently cancelled on non-payment of balance amount. These plots were allotted to selected persons at less than the market rate. Therefore, the authority was put to a loss of Rs. 4,339,618.

(c) *Para 3.2(iii)*—The allotment of a commercial plot in favour of the highest bidder at Rs. 1,110 per square yard was cancelled in September, 1981 due to non deposit of the balance amount. The plot was re-auctioned in June, 1982 at Rs. 2,400 per square yard. This time too the allotment was cancelled as the highest bidder already had a plot in Islamabad. The plot was re-allotted to the first bidder in November, 1982 at the rate offered by him in December, 1980, instead of the market price of the plot in June, 1982 *viz.* Rs. 2,400 per square yard. The CDA thus sustained a loss at the rate of Rs. 1,290 per square yard (2400-1110) amounting to Rs. 860,000.

The Committee agreed with Audit's observation that while the government had the prerogative to establish policies regarding disposal of land, these policies cannot be blind to public interest. The Committee also observed that the plea that land had been allotted at prices far below the market price under advise from higher authorities was not acceptable as a general explanation. The situation called for case by case review to determine the merits of the explanation in each allotment. In cases where allotments were made under orders from a higher authority, the specific orders needed to be produced and considered. The Committee asked the Principal Accounting Officer to set up an inquiry Committee which should review all cases. Where commercial plots were allotted without general balloting and at prices which were below the market rates/possible auction prices and no effort was made to secure the best possible price for the public property. The Committee which should include a representative of Audit be advised to fix individual responsibility for allotment in each case.

38. At this stage a member drew the attention of the departmental representative to the misuse of property leased out for certain specific purposes in the green belt areas. The departmental representative explained that although a separate branch existed with the Authority to ensure proper utilization, the Chairman CDA could check up and provide details to the Committee. It was directed that CDA should not only monitor the leases but ensure that necessary action is taken in all cases where terms of the lease were not being adhered to.

39. The Auditor-General drew the attention of the Committee to the provision of section 50 of the CDA Ordinance and argued that the government should make rules and the Authority should frame its detailed Regulations so that a basic and pre-established frame work was available to Audit for reviewing the performance of CDA. The Committee directed that representatives of Audit, Law Division and CDA should review the implications of Article 50 of CDA Ordinance and determine if a mandatory requirement of framing "Rules" defining the parameters within which the Authority can frame its "Regulations" had been omitted in the implementation of the provisions of the Ordinance.

40. *Blockade of investment due to in-adequate planning Rs. 4,133,194 (Para 3.4, page 34-ARCW).*—According to Audit an expenditure of Rs. 4,133,194 was incurred in 1983 on certain preliminary works pertaining to construction of road, *i.e.* construction of retaining walls and preparation of sub-grade in 3459 Rft. against the required length of construction of road in 11,100 Rft. A major portion of this work had been eroded by rains at various points since the project was not persued further. It was explained by the departmental representative that CDA had to check encroachments on what was planned to be a major link road. This immediate objective had been achieved and the road would be constructed after the availability of necessary funds. The Committee advised that CDA may convince Audit about their policy/plans regarding the link road by providing necessary details of the partly completed project.

41. *Non-recovery of outstanding liabilities Rs. 151,000 (Para 3.5 (i), page 35-ARCW).*—Audit contended that a contract was rescinded but the outstanding dues on account of government material, Rs. 19,400 on account of hire charges of machinery Rs. 102,432 and a mobilisation advance of Rs. 18,524 were not recovered. After discussion, the Committee dropped the para and warned CDA not to repeat such irregularities in future.

42. *Over-payment of Rs. 66,000 (Para 3.7, pages 37-38-ARCW).*—Audit had observed that an extra payment for excavation in slush of silty clay mixed with kankar was made to a contractor although he had tendered a rate for excavation in all kinds of soil. The department contested that the operative classification of soil did not include slush. On Audit's suggestion it was agreed that the point at issue being a technical one, the details would be sorted out by the department with Audit.

43. *Special Report on Construction of Haj Complex at Islamabad (Paras 4.1 to 4.10, pages 40—49-ARCW).*—Presenting the study report on construction of Haj Comlex at Islamabad, the Audit, highlighted that PC-I approved by E.C.N.E.C for Rs. 117.760 million in May, 1985 was revised to Rs. 144.976 million involving 23% increase due to increased built-up area and consequent increase in costs. The project was initially planned to be completed in 18 months but was revised to be completed in 09 months. It was not completed even after 30 months. Contract was awarded to contractors without necessary pre-qualification and without calling for ternders to secure the lowest rates. The project was poorly planned, in which various financial irregularities to the tune of Rs. 3,720,742 were pointed out by Auditors. CDA defending their position did not agree that the contractors were not qualified and attributed the delay in completion to frequent changes in specifications. As regards changes in the terms of the contract these were made before the contract was awarded in the interest of the work and were effected in open negotiations.

44. The departmental reprsentative strongly argued that in this case the Authority had managed to complete a major project, originally scheduled for 18 months, in a period of 9 months the only exception being that the mosque was not completed. This was done inspite of repeated changes in design and scope of work. The Committee accepted the explanation and settled all the paras pertaining to the project. It however, observed that even when the top executives get involved in such works, which attract considerable public attention, the department should try its best to meet the situation within the existing rules and regulations.

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

MINISTRY OF EDUCATION

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

1. Dr. S. M. Qureshi, Secretary.
2. Mr. Iqbal Ahmed, Joint Secretary.
3. Mr. M. H. Abbasi, Joint Educational Adviser.
4. Mr. Munir Ahmed, Joint Educational Adviser.
5. Mr. M. A. Siddiqui, Joint Educational Adviser.
6. Memon Abdul Aziz, Joint Educational Adviser.
7. Mr. Muhammad Ali Rizvi, Deputy Secretary.
8. Mr. Muhammad Yousaf, Section Officer.
9. Dr. Said Rasul Malik, Deputy Educational Adviser.
10. Dr. W. M. Zaki, Managing Director (NBF).
11. Mr. Muhammad Aslam Rao, Acting Secretary (NBF).
12. Dr. Hassan Asghar Ansari, Member (UGC).

13. Brig. Iftikhar Alam, Director (FGEI Cantt. & Garrisons).

14. Mr. G. M. Shah, Director (FDE).

15. Maj. Muhammad Iqbal, GSO (II) (FGEI Cantt & Garrisons).

47. This Ministry controlled the following grants:—

S No.	Name of Grant	Grant No.
1.	Ministry of Education	34
2.	Education	35
3.	Federal Government Educational Institutions in the Capital and Federal Areas.	36
4.	Federal Government Educational Institutions in the Cantonments and Garrisons.	37
5.	Development Expenditure of Ministry of Education	148

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48. *Grant No. 34—Ministry of Education (Page 104-AA).*—After surrender of Rs. 3,229,000 there was a net saving of Rs. 352,950 which did not attract any comments from the Committee.

49. *Grant No. 35—Education (Page 105-AA).*—An excess of Rs. 1,681,068 was reported since a supplementary grant of Rs. 3,315,000 had not been incorporated in the supplementary schedule of authorised expenditure. The Committee recommended its regularization through Excess Budget Statement.

50. *Grant No. 36—Federal Government Educational Institutions in the Capital and Federal Areas (Page 106-AA).*—Entire saving of Rs. 8,990,529 was surrendered in time, no comments were offered by the Committee.

51. *Grant No. 37—Federal Government Educational Institutions in the Cantonments and Garrisons (Page 107-AA).*—After surrender of Rs. 8,077,000 there was a net saving of Rs. 1,157,513, which according to the Ministry, could not be utilized due to delay in completion of various building projects. The Committee did not make any comment.

52. *Grant No. 148—Development Expenditure of Ministry of Education (Page 108-AA).*—The grant closed with a net saving of Rs. 69,948,681 after surrendering an amount of Rs. 287,140,250. Non-utilization of available funds attracted considerable criticism from the Members. It was observed that the general impression was that Ministry of Education is not receiving adequate funds; viewed against this assumption non-utilization of funds was rather in-explicable. The departmental representative explained that utilization of resources presented certain major procedural problems. He pointed out various specific problems *viz.*

(i) Cumbersome procedure for reallocation of funds.

(ii) In certain instances foreign grants lapse because local funds which, may not be more than 5 to 10 of the grant, are not available.

(iii) The Principal Accounting Officer does not have adequate information about 4th quarter releases and his priorities/planning is up set by non-release of funds.

The Committee desired that National Assembly Secretariat write to Ministry of Finance to review the probelms faced by the Ministry of Education and find effective solutions.

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53. *Wasteful expenditure of Rs. 190,939 (Para 2, page 53-AR).*—Audit pointed out that wasteful expenditure of Rs. 190,939 was caused due to appointment of consultants one year before the approval of the scheme and without taking physical possession of the plot for construction of the building of University Grants Commission at Karachi. The departmental representative explained that the site of the project had to be changed when the plot originally ear-marked was reallocated to Hijra Yadgar Building. This decision was taken at the highest level. Accepting the explanation, the Committee dropped the para.

54. *Irregular expenditure of Rs. 86,006 (Para 4, page 53-AR).*—Audit held that Chairman, University Grants Commission was provided furnished accommodation for 1/1/2 year even before the approval of the terms of his service. The departmental representative explained that the practical decisions could not have been with-held since a Chairman had been appointed. The Ministry applied the decision of the competent authority once such decision was available. The Committee dropped the para.

55. *Over-payment of rent Rs. 74,233 (Para 5, page 54-AR).*—Audit contended that payment of rent over and above the prescribed ceiling and hiring of an accommodation for two years when the affective retirement date of the officer was known, were irregular acts which resulted in extra expenditure of Rs. 74.233. After reviewing the explanation the Committee dropped the para.

56. *Irregular appointment of an officer in B-21 (Para 7, page 54-AR).*—The Committee after bearing the departmental explanation, settled the para subject to verification of regularization action by Audit.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII—1986-87)

National Book Foundation

57. *Working results of the Foundation (Para 118, page 140-A RPSE).*—Reviewing its financial results Audit pointed out that the National Book Foundation suffered a net loss of Rs. 2,498 million during 1987-88 which increased the accumulated losses to Rs. 19,530 million. The equity of Rs. 15,706 million had thus been totally eroded. The departmental representative observed that it should be kept in mind that the Foundation was not a profit-oriented organisation. It was providing a very useful service. He explained the efforts being under-taken to make it financially viable. The Committee appreciated the role of the Foundation and advised that its working should be re-organised keeping in view its basic objectives.

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

PAKISTAN ATOMIC ENERGY COMMISSION

59. The Committee took up for its 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 Ahmad Bhatty, Member (Finance).

3. Mr. Sharafat Ali Khan, Director (Audit).

4. Mr. Mushtaq Rasool Chaudhary, Director (Budget).

5. Syed Mazhar Imam, Senior Accounts Officer (Audit).

6. Mr. Sajjad Ahmad, Accounts Officer (EA).

60. This Commission controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Atomic Energy	12
2.	Capital Outlay on Development of Atomic Energy	174

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61. *Grant No. 12—Atomic Energy (Page 28-AA).*—The saving of Rs. 3,993,100 was surrendered in time leaving no un-utilized funds under the grant. The Committee did not make any observation.

62. *Grant No. 174—Capital Outlay on Development of Atomic Energy (Page 32-AA).*—Saving of Rs. 72,648,000 was also entirely surrendered in time. The Committee did not make any comments.

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

WAFAQI MOHTASIB SECRETARIAT

64. The Committee took up for its examination the Appropriation Accounts etc. pertaining to the Wefaqi Mohtasib Secretariat. The following departmental representatives were present:—

1. Mr. S. Q. H. Zahidi, Adviser.

2. Mr. Muhammad Ahmad, Deputy Director.

65. This Secretariat controlled Appropriation "Wafaqi Mohtasib".

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1986-87)

66. *Wafaqi Mohtasib (Page 356—AA)*—No comments were offered by the Committee on the net saving of Rs. 669,359.

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

MINISTRY OF RAILWAYS
(Deferred Accounts)

68. The Committee took up for its examination remaining portion of Audit paras etc pertaining to the Ministry of Railways. The following departmental representatives were present:—

1. Mr. H. A. Majeed, Chairman/Secretary.
2. Mr. K. N. Cheema, Member (Finance).
3. Mr. K. A. Khurshid, Member (Mechanical Engineering).
4. Mr. S. Zahoor Ahmad, Member (Traffic).
5. Mr. Muhammad Ashraf Sheikh, Member (Civil Engineering).
6. Mr. S. M. Waheeduddin, General Manager.
7. Mian Muhammad Ashiq, Chief Engineer.
8. Mr. Riaz Mahmood, Chief Engineer (S & C).
9. Mr. M. Ziaullah, Chief Mechanical Engineer.
10. Mr. Muhammad Aslam, Chief Commercial Manager.
11. Mr. Khalid Rashid, FA & CAO.
12. Mr. S. Naqi Mohsin, FA & CAO (Internal Audit).
13. Mr. S. Z.H. Bokhari, Director (Finance).
14. Mr. Ashiq Ali Butt, Deputy Director (Budget).

AUDIT REPORT (PAKISTAN RAILWAYS) (VOL. VI—1986-87)

69. *Non-utilization of plant and Machinery procured for Moghalpura Workshop & Diesel spare Manufacturing Shop, Rawalpindi (Para 5(1), pages 57—61—AR—Railways)*—The main emphasis of Audit's contention was that huge investments were made in the procurement of expensive machinery without proper planning. A sample study had indicated various problems with machinery worth Rs. 60 million procured for Railway workshop, Rawalpindi and Moghalpura during 1978 to 1985. Machinery worth Rs. 9.118 million was reported to have not been properly utilized regularly. While installing of eight machines valuing of Rs. 5.096 million was delayed for periods ranging from 1 to 4 years. Similarly, a bar straightening machine procured at a cost of Rs. 4.6 million was never utilized to its capacity and plant and machinery worth Rs. 52.378 million was purchased without obtaining approval of PC-I. Besides, a machine valuing of Rs. 3.060 million procured for Steel Shop, Moghalpura remained idle for 10 years. An addition expenditure of Rs. 0.604 million was incurred on obtaining additional electricity supply from WAPDA but the machine was shifted to Loco Shop, Moghalpura; rendering infructuous expenditure of Rs. 0.604 million. The departmental representative explained that since 1982 the technological level of the department while importing machinery was being kept in view.

70. The Committee was not satisfied with the explanation. It directed the Railway Board to hold an inquiry to look into the procurement of items/machinery which remained un-utilized for prolonged periods and fix individual responsibility for the wastages.

71. *Review of Private Oil Sidings (Para 5(II), pages 71—73 — AR — Railways)*—According to Audit, an amount of Rs. 4.74 million was recoverable for the period 1984-85 to 1986-87 from various oil companies on account of various charges, pertaining to private sidings. The Committee asked the Railway Board to review the overall position of oil sidings and undertake special efforts for ensuring recovery from oil companies.

72. *Review of certain track re-habilitation works (Para 5(III) pages 77—79—AR-Railways)*—Following-up on a preception that execution of track renewal works was generally delayed by the Railways, Audit reviewed progress of certain works included in the 6th Five Year Plan (1983—88). Out of 253 works, 157 works relating to first four years were selected. It was observed that the original PC-I prepared in 1983 was not sanctioned and expenditure continued to incurred for 5 years on the basis on anticipatory approvals. An expenditure of Rs. 747.84 million was incurred in this manner. In 7 works expenditure was incurred without sanction of estimated. In 29 works expenditure was in excess of estimates by 65%. In 6 works fictitious completion reports were drawn although the work had not even been started. 38% of the works had not been completed by 30-6-1987. Completion reports of 50 works were due but had not been drawn.

73. Most of the discussion in the Committee meeting was confined to the procedure adopted for incurring expenditure without formal approval of the PC-I. The Committee was not satisfied with the explanation that pending approval of PC-I, expenditure continued to be incurred for 5 years on the basis of anticipatory approvals. The Committee viewed it as a complete break down of the established systems and controls. It felt that the powers to accord anticipatory approvals, which should be sued in un-usual circumstances, did not absolve the Principal Accounting Officer from a special effort to get his estimates approved in the context of available resources. Incurring of huge expenditures on a recurrent basis without completing the planning/approval process was an omission which could not be easily condoned. It was directed that position be reviewed in consultation with the Finance and Planning and Development Divisions and the Committee be informed as to how the entire expenditure stood regularized. During the discussion the Principal Accounting Officer undertook to take action on the inadequacies pointed out in the Special Study Report.

74. *Custody and Charged off stores (Para 5 (IV), pages 107—116—AR—Railways)*—A special study was carried out by Audit to review the operation of the "custody stores" and the "charged off stores". it was observed that in 5 out of 19 Depots of custody stores, material worth Rs. 66 million comprising 6271 different items was lying un-utilized for 5 to 25 years which indicated that procurements in excess of actual requirements had been made. Most of the unutilized items comprised out dated machinery and other stock no longer in use. Similarly, charged off stores valuing Rs. 126 million were lying unused with 144 engineering subordinates for considerable periods of time. Many other problems were observed with the handling of these stores.

75. The Railways appreciated the study and observed that it had drawn the attention of the Board to a very important issue. A detailed review would be carried out. The PAC directed the department to set up a Committee including representative from Audit, which would work under advise from Syed Parvez Ali Shah Jillani, MNA and would review the position in all the stores.

76. *Blocking of Capital amounting to Rs. 8.581 million due to delay in the execution of work (Paras 6.2 and 6.3, pages 119—120—AR—Railways)*—Audit observed that two projects were approved in 1981 and 1982 to prevent detention of trains at Riazabad and Rukanpur Railway Stations. Although the work was started on emergency basis and civil engineering works completed expeditiously, other facilities pertaining to way and signalling could not be completed. The departmental representative explained that Railway had for many years faced problems with multidiscipline works. Now under a new policy a coordinated effort was made by appointing a lead officer with overall responsibility. The Committee was assured that things will improve in future. The Committee did not offer any further comments.

(i) *Additional expenditure of Rs. 2,600,566 due to delay in the execution of a work and lack of planning (Para 6.4, pages 121—122—AR—Railways)—*

(ii) *Unauthorised expenditure of Rs. 175,460 on a renewal work (Para 6.6, page 123—AR—Railways)—*

(iii) *Loss of Rs. 8.930 million due to supply of sub-standard sleepers (Para 6.8, pages 124—126—AR—Railways)—*

(iv) *Avoidable expenditure of Rs. 61,690 due to lack of proper financial discipline (Para 6.15, page 130—AR—Railways)—*

77. The subject matter of the above paras being similar to paras 6.2 and 6.3. Audit proposed not to bring them up for discussion. These would be deemed to be settled subject to Audit verification.

78. *Irregular lease of railway land to the Railway Employees Co-operative Housing Society. Lahore (LARECHS) (Para 6.17, pages 131-132—AR—Railways)*—Audit drew the attention of the Committee to an administrative action which enable leasing out of two pieces of land measuring 3.35 kanals and 14004 square yards to LARECHS in February and August, 1986. This decision was in contravention of Railway's own rules and policy as the land was neither in danger of encroachment nor it was surplus to Railway requirements. The land was subsequently apportioned and allotted to 11 senior officers. Railways held that they did so on the directive of the then Federal Minister for Railways which fact was on record. The Committee wanted to see the record and directed that Railways should not lease or sell out land other than for the benefit of workers. Syed Parvez Ali Shah Jillani, Minister of State for Youth Affairs and Member PAC was requested to look into the irregular lease as reported by Audit and report back to the Committee.

79. *Serious irregularities/omissions by Railways construction company in a joint venture (Para 6.18, pages 132-134—AR—Railways)*—According to Audit, Railway construction Pakistan limited (RAILCOP), a subsidiary of the Railways established as a public limited company was primarily responsible for construction of Road/Rail installations, equipments etc. In persuance of a ministerial decision it got involved in catering and entered into an agreement on 11-5-1986 with a private party. Audit contended that certain very unusual allowances were given to the private party in the "Joint Venture". The joint venture was not registered with the income tax department, no provision for excise duty, staff retirement fund, rent of counters, electricity/water charges/licence fees was made. These charges were to be assessed and deducted from gross profit before distribution. The entire investment of Rs. 2.434 million was converted into an advance made to the private party recoverable in 88 instalments with a grace period of 24 months. It was also observed that M/s Railcop had suffered a loss of Rs. 0.250 million on the salary and other benefits paid to certain officials of Railcop working for the project. The Committee took serious note of the irregularities involved and appointed a Sub-Committee consisting of Syed Parvez Ali Shah Jillani, MNA (Convener) and Syed Muhammad Aslam, MNA to look into the entire operation of the joint venture.

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

81. The Committee then adjourned to meet again at 9.30 A.M. on Monday, the 29th May, 1989.

KHAN AHMAD GORAYA,
Secretary General.

Islamabad, the 10th December, 1992.

NATIONAL ASSEMBLY SECRETARIAT

Monday, the 29th May, 1989.
Third Sitting (PAC).

82. The Public Accounts Committee assembled at 9.30 A.M. in Committee Room No. 2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1986-87. The following members attended the meeting:—

Public Accounts Committee:

1. Mr. Hakim Ali Zardari, MNA. — *Chairman*
2. Syed Parvez Ali Shah Jillani, Minister of State for Youth Affairs. — *Member*
3. Mr. Byram D. Avari, MNA. — *Member*
4. Syed Muhammad Aslam, MNA. — *Member*
5. Sardar Ashiq Muhammad Khan Mazari, MNA. — *Member*

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Joint Secretary.
2. Mr. Arif Mansur, Deputy Secretary (PAC).
3. Mr. Mulazim Hussain Kazmi, Officer on Special Duty (PAC).

Audit:

1. Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
2. Syed Iftikhar Shabbir, Deputy Auditor-General (GA).
3. Mrs. Suraiya Hafeez, Deputy Auditor-General (CA & E).
4. Mr. A.A. Zaidi, Director-General (GA).
5. Sh. Muhammad Sadiq, Accountant General Pakistan Revenue.
6. Mr. Fazlur Rehman, Director-General (Commercial Audit).
7. Mr. S. T. Rahman, Director-General, Audit & Accounts, Works.

Ministry of Finance and Planning and Development Division:

1. Dr. M. A. Aghai, Director-General (Project Wing), Planning and Development Division.
2. Mr. Ahmad Shamsul Huda, FA (Cabinet).
3. Mr. Nasim Ahmad, FA (Economic Affairs & Commerce).
4. Mr. Moinul Arifin, FA (EPB).
5. Mr. Raza Ashraf, DFA (Cabinet).
6. Mr. S. A. Aziz, DFA (Economic Affairs & Commerce).

83. *Accounts Examined.*—Accounts pertaining to the following Ministry/Divisions were examined by the Committee during the meeting:—

1. Economic Affairs Division.
2. Establishment Division.
3. President's Secretariat (Public & Personal).
4. Management Services Division.
5. Women's Division.
6. Ministry of Commerce.

ECONOMIC AFFAIRS DIVISION

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

1. Mr. Izharul Haq, Secretary.
2. Sheikh Muhammad Saleem, Joint Secretary.
3. Mr. Abdul Ghani Sameen, Deputy Secretary.
4. Mr. Ahmad Hussain Malik, Director (Accounts).
5. Mr. Muhammad Yusuf, Section Officer (F & A).
6. Mr. Abdul Rauf, Accounts Officer (F & A).

85. This Division controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Economic Affairs Division.	50
2.	Technical Assistance Schemes.	51
3.	Development Expenditure of Economic Affairs Division.	151

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1986-87)

86. *Grant No. 50-Economic Affairs Division (Page 120—AA).*—After surrendering of Rs. 815,816, there was a net saving of Rs. 298,190. Non comments were offered by the PAC.

87. *Grant No. 51—Techinical Assistance Schemes (Page 121—AA).*—There was no variation under the charged portion. The Committee did not make any comments on the net saving of Rs. 154,981 under the other than charged portion.

88. *Grant No. 151—Development Expenditure of Economic Affairs Division (Page 123—AA).*—Saving of Rs. 730,000 was surrendered in time.

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

ESTABLISHMENT DIVISION

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

1. Mr. M.I.K. Khalil, Secretary.
2. Brig. (Retd.) Muhammad Akhtar Khan, Joint Secretary (Admn).
3. Mr. Riaz Ahmed Sipra, Joint Secretary (Training).
4. Mr. Shahid Latif Anwar, Deputy Secretary (Admn).
5. Mr. Manzoor Ahmad Mallal, Section Officer (Budget).
6. Mr. Akhtar Ali Khan, Section Officer (F & A).
7. Commodore (Retd.) H.A.M. Malik, Secretary (FPSC).
8. Agha Qaisar Ali Zaidi, Director General (SWO).

91. 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.	140

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92. *Grant No. 6—Establishment Division (Page 42—AA).*—The Committee made no comments on the saving of Rs. 389,210.

93. *Grant No. 7—Federal Public Service Commission (Page 43—AA).*—The grant closed with a saving of Rs. 1,041,954. The Committee advised timely surrender of savings in future.

94. *Grant No. 8—Services Tribunal (Page 44—AA).*—The grant was fully utilized.

95. *Grant No. 9—Other Expenditure of Establishment Division (Page 45—AA).*—After surrender of Rs. 1,043,790, a negligible net saving of Rs. 101,999 was reported. The Committee did not make any comments.

96. *Grant No. 140—Development Expenditure of Establishment Division (Page 46—AA).*—The grant closed with a net saving of Rs. 2,000 after surrendering of Rs. 4,933,000. The Committee did not make any observation.

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

PRESIDENT'S SECRETARIAT (PUBLIC & PERSONAL)

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

1. Mr. Fazlur Rahman Khan, Secretary.
2. Mr. Naveed Asghar Qureshi, Director-General (Admn).
3. Mr. Firdaus Alam, Director (Admn).
4. Lt. Col. M. Ajaib, Military Secretary to the President.
5. Ch. Muhammad Yasin, Section Officer (B & A).
6. Mr. M.A. Shah, Assistant Secretary (Acctt) (Personal).

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

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100. *Appropriations "Staff, Household and Allowances of the President" (Page 38—AA).—The* grant closed with a net saving of Rs. 2,367,677 after surrendering an anticipated saving of Rs. 6,198,545. The Committee noted that the net saving was a large amount and the Principal Accounting Officer should take steps to ensure timely surrender of savings in future.

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

MANAGEMENT SERVICES DIVISION

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

1. Dr. M.S. Jillani, Secretary.
2. Mr. M.A. Beg, Additional Secretary.
3. Mr. Mahmud Athar Zaka, Director General/Joint Secretary (Admn).
4. Mr. Shamsul Huda Azizi, Deputy Secretary (A-II).
5. Mr. Noor-ul-Hasan, Section Officer (F & A).

103. This Division controlled Grant No. 13—Organisation and Methods Division.

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104. *Grant No. 13—Organisation and Methods Division (Page 50—AA).*—The grant closed with a saving of Rs. 111,112. The Committee did not make any comments.

General

105. After consideration of the Appropriation Accounts, the Auditor-General with Chairman's permission drew the attention of the Committee to the inadequacy of the current system of financial management. He observed that his experience had led him to the conclusion that the process of accountability in the PAC was not supported by an adequate mechanism which could ensure that the shortcomings pin-pointed in PAC discussions lead to any well considered improvement. Keeping this aspect in view, the Auditor-General had suggested through a formal proposal for "Financial and Accounting Procedures Review and Development Programme" that "an Inter-Ministerial Programme be undertaken by the Finance, Planning and O & M Divisions in association with the PAD with the objective of reviewing, on a continuing basis, the existing financial management policies and practices and to devise and issue suitable and consistent set of instructions so that they contribute significantly to effective and efficient planning, implementation and operation of government programmes and projects". "This Financial and Accounting Procedures Review and Improvement Programme should also cover a broad review of the accounting, internal check and control and reconciliation systems in use in the various Ministries and large departments as well as in public enterprises. Further more, it should act as a 'clearing house' for sharing and disseminating information/guidance for good financial management techniques".

106. It was also informed that a decision had already been taken to establish a High Level Standing Committee and the Auditor-General had forwarded a working paper to Secretary, Management Services Division. This working paper raises issues based on previous PAC discussions. Expressing interest in the matter the Committee endorsed the observation that many critical areas

needed well conceived improvements. It desired that a meeting of High Level Committee be convened in the near future and basic decisions taken be communicated to the PAC for information.

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

WOMEN'S DIVISION

108 The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Women's Division. The following departmental representatives were present:—

1. Mrs. Akhtar Riazuddin, Secretary.
2. Mr. M. Ayub Khan, Director General (FP).
3. Mr. Khizar Ahmad Jan, Director General (Programme).
4. Mrs. Rehana Gill, Joint Secretary.
5. Mr. Safdar Ali, Deputy Secretary (WR).
6. Mr. Muhammad Rafique Alvi, F & A.O.

109. 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
3.	Development Expenditure of Special Programme for Women.	142

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110. *Grant No. 14—Women's Division (Page 58—AA).*—After surrender of Rs. 102,000, the saving was reduced to Rs. 152,987. No comments were given by the Committee.

111. *Grant No. 141—Development Expenditure of Women's Division (Page 59—AA).*—Negligible saving of Rs. 36,418 was left after surrendering of Rs. 8,000,000. The Principal Accounting Officer, while explaining the savings, stated that the savings occurred as the grant committed by the Government of Netherlands was released to Allama Iqbal Open University without routing it through the Women's Division. After hearing the explanation, the Committee expressed its concern over the procedure adopted and dircted that in future all bilateral grants must be routed through Federal Budget.

112. *Grant No. 142—Development Expenditure of Special Programme for Women (Page 60—AA).*—Saving of Rs. 2,467,839 was not surrendered by the Division for the reason that Audited Reports from the Provinces and certain classification were awaited. No comments were made by the Committee.

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

MINISTRY OF COMMERCE

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

1. Mr. Saeed Ahmad Qureshi, Secretary.
2. Brig (Retd) Qureshi Muhammad Aslam Hayat, Additional Secretary.
3. Mr. Seerat Aly Shaykh, Deputy Secretary (F&A).
4. Mr. Furkan Ahmad Qureshi, Section Officer (B&A).
5. Mr. Mukhtar Hussain Kiyani, Accounts Officer.
6. Mr. S.M. Ishaq, Chairman (RECP).
7. Mr. M. Usmani, Chairman (TCP).
8. Mr. Muhammad Arshad Malik, Chairman (CECP).
9. Mr. Mazharul Haq Siddiqui, Chairman (NIC).
10. Mr. Iqbal M. Qureshi, Chairman (SLIC).
11. Mr. Faqir Muhammad Khan, Chairman (PTB).
12. Mr. A.M. Khalfe, Controller (Deptt. of Insurance, Karachi).
13. Mr. Saif R. Khan, C.C.I & E.

115. This Ministry controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Ministry of Commerce.	16
2.	Export Promotion.	17
3.	Other Expenditure of Ministry of Commerce.	18
4.	Development Expenditure of Ministry of Commerce.	143

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1986-87)

116. *Grant No. 16—Ministry of Commerce (Page 64—AA).*—Excess of Rs. 2,580,611 as explained was due to increase in the rates of House Rent/Conveyance Allowance and unavoidable advertisement charges. The Committee while recommending the excess for regularisation through Excess Budget Statement, advised that in future the authorization should not be exceeded.

117. *Grant No. 17—Export Promotion (Page 65—AA).*—There was a saving of Rs. 917,122,286 under this grant. An amount of Rs. 2,904,000 was surrendered. The remaining saving pertained to "Rebate on Cotton Export", which was neither utilized nor surrendered. The surrendered saving was attributed to the discontinuance of a rebate for cotton export. During discussion it transpired that no agency had clear responsibility to monitor expenditure on export rebates. The Committee directed that issues pertaining to accountability of such expenditure should be clearly spelled out through discussion between Ministries of Commerce and Finance.

118. *Grant No. 18—Other Expenditure of Ministry of Commerce (Page 66—AA).*—No comments were made on the net saving of Rs. 45,700 after surrendering of Rs. 95,000.

119. *Grant No. 143—Development Expenditure of Ministry of Commerce (Page 67—AA).*—The grant closed with a saving of Rs. 15.38 million against an allocation of Rs. 16.77 million. The Justification given by the Principal Accounting Officer, that, since the aid giving agency

used the calendar year, as the basis of its accounting, the expenditure actually incurred failed to get reported in the Appropriation Accounts, was not accepted by the Committee. It was observed that legislative control was based on the constitutional provision that all foreign aid should be credited and disbursed through the Federal Consolidated Fund. It was also stressed that since Budget Allocations from the Federal Consolidated Fund followed the national financial year, the Appropriation Accounts could be the only acceptable basis for legislative review. It directed that a Committee comprising Secretary Finance, Secretary Economic Affairs and Secretary Commerce Divisions should consider the entire issue and report back to PAC with its recommendations. Mr. Byram D. Avari, MNA was nominated to oversee the work of the Committee.

AUDIT REPORT (CIVIL) (VOL. I—1986-87)

120. *Un-necessary operation of a Commercial Section in a Mission at an annual cost of Rs. 243,500 to Rs. 332,000 (Para 1, pages 33-34—AR).*—Audit had observed that keeping in view the quantum of trade with Sudan there was no justification for retaining a Commercial Section at Khartoum. The Principal Accounting Officer while agreeing with this observation stated that as per established procedure a Committee of three Secretaries *viz* Foreign Secretary, Finance Secretary and Commerce Secretary would decide whether the Mission be closed or re-allocated elsewhere. The Committee stressed that such decisions should not be delayed and decision in this regard be communicated by 30-6-1989.

121. *Irregular Expenditure—Rs. 180,784 (Para 2, page 34—AR).*—A cumulative amount of Rs. 180,784 had come under objection of Audit for various reasons. The Principal Accounting Officer explained that in most cases the available rules were not adequate to cope with certain local conditions in foreign missions. The Committee appreciated that local requirements could cause problems but advised that regularization action should be expedited and issues sorted out with Ministry of Finance.

122. *Recovery not effected—Rs. 46,597 (Para 5, page 35—AR).*—The progress of recovery/ regularisation action was discussed, the Committee observed that the recovery of still outstanding amounts be expedited.

General (Export Promotion Bureau)

123. The Principal Accounting Officer undertook to provide details about Display Centres at Jeddah and New York and Expo Vancouver in the next meeting.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII—1986-87)

Trading Corporation of Pakistan Limited

124. *Operational results of the Corporation (Para 71, page 121—ARPSE).*—Reviewing the financial performance of the Corporation, Audit observed that the profits had fallen from Rs. 46 million to Rs. 24 million in 1987-88. This drop in profitability was accompanied by a 106% increase in sales. The Principal Accounting Officer observed that Ministry of Finance had reduced the level of commission in the case of Soyabean Oil and Sugar, the two primary commodities available to the Corporation. This would explain the fall in profits despite increase in sales by 106%. It was further explained that Trading Corporation of Pakistan was being utilized in a very limited way, key imports and exports are not available to the Corporation which was trying to expand the areas like fresh fruits and vegetales to utilize its available potential. The Committee observed that a trading house like TCP should either be utilized to its potential or should be dis-banded. The Committee specifically observed that while the Ghee Corporation of Pakistan was importing Soyabean Oil through TCP its other imports like palm oil and tin plates were being directly handled. The Committee directed that the services of TCP should be utilized for import of both the items. The Committee also observed that FIA should finalize its action on various transactions being investigated by it, by 30-7-1989.

125. *Loss of Rs. 7.973 million in the supply of jute bags to Rice Export Corporation of Pakistan (Para 5, pages 25-26—ARPSE)*—Audit reported that TCP had to sustain a loss of Rs. 7.973 million by paying liquidated damages to RECP and due to its failure to get the later's approval for the amendment in shipping time schedule and also for not obtaining Performance Bond/Bank Guarantee from Bangladesh Jute Mills Corporation and Trading Corporation of Bangladesh. On being informed that Additional Secretary-II had already been nominated to arbitrate between TCPand RECP, the Committee desired that final decision should be arrived at by 30-7-1989. It was also directed that TCP's interest should be protected in such deals by obtaining Performance Bond/Bank Guarantee in future.

(i) *Infructuous expenditure on the engagement of a consultant Rs. 0.825 million (Para 6, page 26—ARPSE)*—

(ii) *Extra expenditure of Rs. 1.72 million due to high rates of commission to agent on the export of Urea to Bangladesh (Para 7, page 28—ARPSE)*—

126. On being informed that both the cases were being investigated by the FIA, the Committee directed that the Ministry may approach FIA to get their investigations finalised by 30-7-1989.

Rice Export Corporation of Pakistan Limited

127. *Performance Audit Report on Binishell Godowns of 1.5 Lacs Tons Capacity at Bin Qasim (Pipri), Karachi (A Project of Rice Export Corporation of Pakistan, Limited) (Para 61, pages 80—115—ARPSE).*—While evaluating the construction of Binishell type godowns, Audit argued that a move was made in the direction of acquiring a new technology without adequate planning. The decision was based on a single offer made by M/s. Shaheen Foundation. No alternatives were explored, comparative studies of technology options were not carried out. The project was not based on any feasibility study. The decision to go for binishell type godowns rendered infructuous in earlier investment of Rs. 3 million in normal house type godowns. The binishell project suffered from time and cost over runs problems and poor quality since there was seepage in almost all the godowns.

128. The departmental representatives argued that the decision to assimilate a new technology was a good strategic decision and departmental studies indicated that it had already proved cost effective. Some problems on the qualitative/technical side were faced but they could be overcome. While upholding Audit's contention that the decision to undertake Binishell type godowns had proved to be unsatisfactory, the Committee observed that decisions to go in for new technologies should be carefully considered and instead of directly undertaking such projects the Corporation should try to utilize services of agencies like PPWD who have experience in fields of engineering and construction.

(i) *Doaba Rice Mills Limited (Paras 62-64, pages 116-117-ARPSE).*—

(ii) *Pakistan National Produce Company Limited (Para 67, page 118 — ARPSE).*—

129. Doaba Rice Mills Limited accumulated loss worth Rs. 173 million upto September, 1987 of which Rs. 153.993 million was waived by RECP being the holding company. The departmental representative argued that the real position regarding these Mills was not clear. It had not been determined whether losses were attributable to lack of efficient management or the Mills were piling up losses because they were subsidizing the RECP through the peculiar pricing policy. After discussion it was decided to appoint a Committee comprising Syed Muhammad Aslam, MNA (convener) and Mr. Byram D. Avari, MNA alongwith the dealing Additional Secretary, Ministry of Commerce and a representative of Audit to review the working of all the eight Rice Mills and submit a report by 30-7-1989.

Cotton Export Corporation of Pakistan (Pvt) Limited

130. *Working results of the Corporation (Paras 40-41 , page 69 ARPSE).*—Cotton Export Corporation of Pakistan (Pvt) Limited sustained a loss of Rs. 1994.258 million on the sale of 4.201 million bales of cotton in 1986-87 as compared to a loss of Rs. 2455.685 million on the sale of 4.196 million bales in 1985-86. The losses were subsequently re-imbursed by the Government. In 1987-88 the Cotton Export Corporation could only sell 2.833 million bales but despite the decrease in sales the Corporation earned a profit of Rs.700 million. This was mainly due to better average sale value per bale which worked out to Rs. 3.570 per bale as against Rs. 2,022 in 1986-87.

131. The departmental representative explained that the working of the Corporation had come under intense scrutiny in the recent past and even the Chairman was suspended and a detailed inquiry conducted. The inquiry had established that there had been no mal-practices. It was explained that cotton was a very volatile commodity in the international market and the performance of the Corporation cannot be reviewed independent of international market conditions. The Committee did not offer any comments.

132. *Capital Works in Process (Para 46, page 70 — ARPSE).*—It was pointed out by Audit that investment of Rs. 64.742 million was made by the Corporation in the construction of Finance and Trade Centre at Karachi which was still incomplete. Further, the departmental representative explained the problems being faced in completion of the project. The Committee directed that:—

(i) Auditor-General should immediately undertake audit of REMCO who were managing the project. Public Sector Corporations, who had invested in REMCO should facilitate the audit, if needed.

(ii) A Sub-Committee comprising Mr. Byram D. Avari, MNA (Convener) and Syed Muhammad Aslam, MNA should look into the entire affairs of Finance and Trade Centre.

(iii) Public Sector Corporation who had invested in the Centre should occupy the premises by 31-12-1989.

Pakistan Tobacco Board

133. *Working results of the Board (Para 59, page 75-ARPSE).*—Audit reported that the Board's Cess on Tobacco was continuously falling as it was Rs. 6.307 million in 1985-86, Rs. 6.045 million in 1986-87 and Rs. 5.854 million in 1987-88. It was explained by the departmental representative that decrease was due to anti-smoking compaign launched by the Government and switch over from plain type to filter tipped cigarettes. While observing that the matter was already under reference to Chairman, CBR/Finance Minister, no further comments were offered by the Committee.

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

135. The Committee then adjourned to meet again at 9.30 A.M. on Tuesday, the 30th May, 1989.

ISLAMABAD:
The 10th December, 1992.

KHAN AHMAD GORAYA,
Secretary General.

NATIONAL ASSEMBLY SECRETARIAT

Tuesday, the 30th May, 1989.
Fourth Sitting (PAC).

136. The Public Accounts Committee assembled at 9.30 A.M. in Committee Room No. 2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1986-87. The following members attended the meeting:—

Public Accounts Committee:

1.	Mr. Hakim Ali Zardari, MNA.	*Chairman*
2.	Dr. Méhboob-ur-Rehman, Minister of State for Food & Agriculture.	*Member*
3.	Syed Parvez Ali Shah Jillani, Minister of State for Youth Affairs.	*Member*
4.	Syed Muhammad Aslam, MNA.	*Member*
5.	Sardar Ashiq Muhammad Khan Mazari, MNA.	*Member*

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Joint Secretary.
2. Mr. Arif Mansur, Deputy Secretary (PAC).
3. Mr. Mulazim Hussain Kazmi, Officer on Special Duty (PAC).

Audit:

1. Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
2. Mrs. Suraiya Hafeez, Deputy Auditor-General (CA&E).
3. Mr. A.A. Zaidi, Director General (GA).
4. Sh. Muhammad Sadiq, Accountant General Pakistan Revenues.
5. Mr. Fazlur Rehman, Director General (Commercial Audit).
6. Mr. Mansoor Ali, Director (PEC).

Ministry of Finance and Planning and Development Division:

1. Dr. M.A. Aghai, Director General (Projects Wing), Planning and Development Division.
2. Mr. M. Amjad Virk, FA (Production).

137. *Accounts Examined.*—Accounts pertaining to the Ministry of Production were examined by the Committee during the meeting.

MINISTRY OF PRODUCTION

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

1. Mr. M. Masihuddin, Secretary.
2. Mr. Mahboob Ahmad, Additional Secretary (S&E).
3. Capt. (Retd.) Syed Naseer Ahmad, Additional Secretary.
4. Dr. Mutawakkal Kazi, Joint Secretary.
5. Mr. Muhammad Yaqoob, Accounts Officer.
6. Dr. M. H. Chaudhry, Chairman (PERAC).
7. Dr. A. Qidwai, Chairman (SEC).

8. Syed Haroon Bokhari, Chairman (SCCP).
9. Mr. Zahur Ahmad Khan, Chairman (NFC).
10. Mr. Saadat Hussain Khan, Chairman (FCCCL).
11. Maj. Gen. Shujat Ali Bokharee, Chairman (Steel Mill).
12. Mr. Waseem Haqqi, Chairman (PACO).
13. Air Marshal Sharbat Ali Changezi, Chairman (PIDC).
14. Mr. Muhammad Saleem Akhtar, Managing Director, SNB Sugar Mills, PIDC (Larkana).

139. This Ministry controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Ministry of Production	110
2.	Capital Outlay on Industrial Development .	190

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140. *Grant No. 110—Ministry of Production (Page 304—AA).*—After surrender of Rs. 312,000 there was net saving of Rs. 5,234,665 due to non-payment of subsidies to various Organisations. It was explained by the Ministry that since the funds were not released by the Finance Division, the technical surrendered could not be made. The Committee did not make any comments.

141. *Grant No. 190—Capital Outlay on Industrial Development (Page 305—AA).*—The grant showed no variation.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII—1986-87)

(i) *State Engineering Corporation (Pvt) Ltd. (Para 519, page 327—ARPSE)—*
(ii) *Heavy Foundary and Forge Engineering (Pvt) Ltd. (Para 524, pages 328-329—ARPSE)—*
(iii) *Heavy Mechanical Complex (Pvt) Ltd. (Para 530, page 330—ARPSE)—*
(iv) *Karachi Pipe Mills Limited (Paras 537-538, page 332—ARPSE)—*
(v) *Pakistan Engineering Company Limited (Para 545, page 335—ARPSE)—*
(vi) *Pakistan Machine Tool Factory (Pvt) Ltd. (Para 549, page 337—ARPSE)—*
(vii) *Pakistan Switchgear Limited (Para 554, page 339—ARPSE)—*
(viii) *Pioneer Steel Mills (Pvt) Ltd. (Para 557, page 341—ARPSE)—*

142. The Corporation operates 12 units, Accounts of one unit *i.e.* Special Steel of Pakistan were not provided to audit in time, the accumulated loss of this unit stood at Rs. 697.105 million as on 30-6-1988. Out of remaining 11 units, 6 units suffered losses totalling Rs.118.074 million in 1986-87 and 5 earned and profits amounting to Rs. 60.347 million. In 1987-88, out of the 12 units 7 suffered net losses of Rs. 227.996 million and 5 units earned profits of Rs. 89.501 million. After setting aside the profit earned, the accumulated losses of these 12 units as on 30-6-1988 stood at Rs. 1437.542 million. The Corporation itself sustained a net loss of Rs. 2.698 million in 1986-87 and Rs. 5.405 million in 1987-88 as against profit of Rs. 2.507 million in 1985-86.

143. The departmental representatives explained that the position had already come under review of a Committee appointed by the Prime Minister and proposals for financial restructuring and picking up of losses had been accepted. It had also been recommended that two major units HMC and HFF be merged to supplement each other's production facilities and also to reduce overheads. Since certain basic decisions had been taken at top level improvement was expected in the operation of the units. The Committee, while advising that performance should also be improved alongwith financial restructuring, expressed concern over the excessive outstanding dues. After discussion it was agreed by departmental representatives that all outstanding dues would be recovered by 31-12-1989.

144. *Unjustified payment of Rs. 4.688 million as commission to sale agent (Para 31, pages 55-56—ARPSE).*—Heavy Mechanical Complex paid a commission of Rs. 4.688 million to a sales agent for sale of Sugar Plant to Sind Abadgar Sugar Mills Ltd. Audit observed that the agent had already been appointed by the purchasers as their agent in December, 1983, whereas HMC appointed him on 11th March, 1984 *i.e.* the very date on which the contract for sale of the plant was signed. It was argued that apparently the payment of commission was unjustified. The explanation that HMC had made a considerable profit was not accepted by the Committee who appointed a Sub-Committee comprising Dr. Mehboob-ur-Rehman, Minister of State for Food and Agriculture and Member, PAC to look into the matter.

145. *Loss of foreign exchange equivalent to Rs. 2.324 million due to acceptance of the buyers claim not covered under the contract (Para 32, pages 56-57-ARPSE).*—Heavy Mechanical Complex supplied a Sugar processing plant costing US $ 8.370 million on FOB basis to Bangladesh Sugar and Food Industries Corporation during the period October, 1983 to September, 1984. During the erection of the plant the buyers raised certain claims amounting to Rs. 2.324 million, which were paid by HMC. In Audit's opinion since the contract was FOB, HMC should not have entertained the claims. The departmental representatives maintained that under clause 12 of the contract it was their responsibility to remove defects pointed out within 30 days and carry out necessary rectifications and modifications. Further, establishing goodwill for running a business was a very important consideration. The Committee dropped the para.

146. *State Petroleum Refinery and Petrochemical Corporation (Private) Limited (Paras 580—582, page 352—ARPSE).*—Audit inquired about the fate of the Hydrocracker Project on which an expenditure of Rs. 183.481 million (FE US $ 3.247 million) had been incurred. The Ministry replied that it was being re-activated with the collaboration of certain foreign investors and a proposal was being submitted to Board of Inverstment for approval. The Chairman, PAC directed for making the project as joint venture with Private Sector and ensure its early revival. An undertaking was given to the Committee that Rs. 183.481 million already spent on the project would be used as part of Government's equity in the joint venture.

National Fertilizer Corporation

147. *Loss of Rs. 470,613 due to payment of custom duty and other taxes (Para 24, pages 49-50—ARPSE).*—It was argued that NFC unnecessarily paid custom duty and sales tax amounting to Rs. 470.613 although it was aware of major shortages in a consignment. The Committee dropped the para after issuing a warning.

Pak-American Fertilizer Limited

148. *Loss of Rs. 1.116 million in award of quarrying contracts (Para 25, pages 50-51—ARPSE)*—Audit reported a loss of Rs. 1.116 million resulting from questionable award of certain quarrying contracts. The departmental representative explained that the company did not re-trender due to unfavourable circumstances *viz* acute shortage of labour and increase in the wages by the Government etc. The Committee dropped the para.

Pak-American Fertilizer Limited

149. *Working results (Para 391, page 256—ARPES).*—After hearing the explanation the Chairman settled the para.

Pak-China Fertilizers Limited

150. *Working results (Para 396, page 259—ARPSE).*—After hearing the explanation the Chairman settled the para.

Pakistan Steel Mills Corporation Limited

General

151. The Committee advised that the Corporation should make its accounts available to Audit well in time in future.

152. *Over payment of Rs. 423,055 to retired military officers on account of wrong fixation of pay (Para 29, pages 54-55—ARPSE).*—Audit reported that pay and allowances of 4 retired Military Officers re-employed by the Corporation during 1975—82 were fixed in contravention of the Government orders causing overpayment of Rs. 423,055. Ministry informed that the case was with Ministry of Finance for regularisation. The Committee agreed that these cases should be regularized through the Ministry of Finance.

153. *Loss in sale of pig iron—Rs. 201,362 (Para 30, page 55—ARPSE).*—According to Audit, 157.25 metric tons pig iron worth Rs. 201,362 out of 18,233,25 metric tons shipped by the Pakistan Steel Mills remained unpaid. The Committee directed that the management should review the working and tighten its controls and settled the para.

Pakistan Steel Fabricating Company (Pvt) Limited

154. *Working results (Para 473, page 304—ARPSE).*—The Company sustained accumulated loss of Rs. 160.701 million as on 30-6-1987. Its total equity of Rs. 108.695 million had been eroded and it had negative equity of Rs. 52.006 million. The Committee was informed that the company would in future be reporting profits as against losses for the past five years. No. further comments were offered by the Committee.

155. *Nokkundi Iron Ore Project (Para 477, page 306—ARPSE)).*—Audit wanted to ascertain the position of Rs. 123,001 million incurred upto 30-6-1988 on an unallocated organisation/project. The departmental representative informed that PC-2 was under preparation to establish a Steel Mill at Quetta. The Committee made no further comments.

Pakistan Industrial Development Corporation

156. *Wasteful expenditure of Rs. 138,183 due to purchase of second hand delinting machines (Para 27, pages 52-53—ARPSE).*—It was pointed out by Audit that a second hand delinting machine was purchased for Rs. 98,000 in 1980 and Rs. 40,183 spent on its installation and accessories. It did not work satisfactorily and remained idle for years after which it was disposed of at book value. Audit wanted to know the date of disposal and the price received. The Committee did not press the issue.

157. *Non-recovery of Rs. 0.777 million on account of tractor hire charges (Para 28, page 53—ARPSE).*—Audit questioned the recovery of Rs. 0.777 million on account of tractor hire charges to land owners during 1981-82, as the amount of Rs. 675,676 was still recoverable as on 31-12-1988 according to the Ministry. It was informed that the case was investigated and certain officials were found responsible. The cases of retired officials were handed over to FIA whereas, those in service were given 6 months notice for recovery of the amount. The Committee did not make any comments.

(i) *Pakistan Industrial Development Corporation (Pvt) Limited (Para 440, page 290—ARPSE)—*

(ii) *Dir Forest Industries Complex (Pvt) Ltd. (Para 444, page 292—ARPSE).—*

(iii) *Harnai Woollen Mills (Para 450, page 294—ARPSE).—*

(iv) *Indus Steel Pipe Limited (Para 454, page 295—ARPSE).—*

(v) *PIDC Cotton Ginning Factory (Pvt) Ltd. (Para 462, page 298—ARPSE).—*

(vi) *Pak-Iran Textiles Limited (Para 466, page 300—ARPSE).—*

(vii) *Quaidabad Woollen Mills Limited (Para 468, page 301—ARPSE).—*

(viii) *Shahdadkot Textile Mills (Pvt) Ltd. (Para 470, page 303—ARPSE).—*

158. Audit reported accumulated losses of above 8 units of PIDC amounting to Rs. 2.586.269 million as on 30-6-1988 out of 9 units. Ministry informed that a Committee already formed by the Government would submit its report by the end of June this year. The Committee deferred the consideration of paras till the receipt of report by the Sub-Committee comprising Sardar Ashiq Muhammad Khan Mazari, MNA (Convener) and Syed Muhammad Aslam, MNA.

State Cement Corporation of Pakistan (Pvt) Limited

159. *General Refractories Limited (Para 493, page 314—ARPSE).*—Audit reported accumulated loss of Rs. 45.659 million and a negative equity of Rs. 24.108 million in respect of General Refractories limited as on 30-6-1988. The departmental representative observed that these were useful units whose performance needed to be improved. The Committee hoped that the new Chairman of PIDC who had recently taken over would do his best to improve performance. The para was settled.

Pakistan Automobile Corporation Limited

(i) *Balochistan Wheels Limited (Para 406, page 263—ARPSE).—*

(ii) *Bela Engineers Limited (Para 409, page 265—ARPSE).—*

(iii) *Domestic Appliances (Pvt) Limited (Para 416, page 280—ARPSE).—*

(iv) *Millat Tractors Limited (Para 419, page 281—ARPSE).—*

(v) *National Motors Limited (Para 424, page 283—ARPSE).—*

(vi) *Sind Engineering (Pvt) Limited (Para 435, page 288—ARPSE).—*

(vii) *Trailor Development Corporation (Pvt) Limited (Para 438, page 289—ARPSE).—*

160. Audit while reporting the working results of Pakistan Automobile Corporation Limited. National Motors Limited and Naya Daur Motors (Pvt) Limited, observed that in 1986-87. seven out of ten units reported losses, two sick units had accumulated losses of Rs. 180.997 million as on 30-6-1988. The departmental representative argued that for 1987-88 the position had improved considerably and profit had gone up to Rs. 280 million and currently only two units were reporting losses. The management was working on a formula to cover up past losses of these two units *viz* National Motors Limited and Bela Engineers Limited. The Committee did not offer any further comments.

161. *Performance Audit Report on Bolan Castings Limited (A Project of Pakistan Automobile Corporation) (Para 415, pages 270—279—ARPSE).*—Audit in its Performance Report pointed out that Pakistan Automobile Corporation established Bolan Castings Limited in July. 1982 for manufacture of Engine Heads, Engine Blocks and other intricate castings within the country. Project was approved by ECNEC in October, 1983 and was required to be completed within 18—20 months from the date of signing the contracts which was to be completed in August, 1985 but was completed in

June, 1986 at the cost of Rs. 184.258 million involving extra expenditure of Rs. 9.246 million in Civil Works. Project target of Rs. 3.870 million could not be achieved in the first year instead there was loss of Rs. 19.875 million.

162. The departmental representative explained that utilization was now 100% against 20% in the first year. The Chairman, PAC hoped that preparation of PC-I would be made more realistic in future.

General

163. At this stage a Member sought the Chair's permission to offer his evaluation of the Public Sector Enterprises based on the PAC meetings he had attended. He observed that the impression he had gathered was that the Public Sector Organisations were in a bad shape and were poorly organized. In this opinion the causes of poor performance were:—

(i) Lack of organisational planning;
(ii) Lack of Manpower Planning; and
(iii) Lack of strategic planning;

The Auditor-General while agreeing with the observations pointed out that there was a pressing need for a proper training organisation for Public Sector Corporations. An institution could be established on the lines of Staff College. The departmental representative explained that at the moment the reliance of the Corporation was on Pakistan Institute of Management which offers very useful courses for different managerial requirements. He assured that the observations of the Members, PAC and Auditor-General in this regard would be given serious consideration.

PERFORMANCE EVALUATION OF PUBLIC ENTERPRISES (VOL. IX-A—1988)

164. *Pak Suzuki Motor Company Limited (Paras 1.1 to 10.4, pages 82—134—Perf/Eval/Report Vol-IX-A—1988).*—Making a detailed presentation on the Pak. Suzuki Motor Company Limited, Audit representative informed the Committee that PSMC, an outcome of a Joint Venture Agreement signed in June 1982 between PACO and Suzuki Motor Company Limited of Japan (SMC) for the purposes of assembling, progressive manufacture and marketing of Suzuki Four Wheelers *viz* Cars, Vans, Pick-ups and 4 wheel drive vehicles, was incorporated as a public limited company in August, 1983. PSMC had been a profitable company with reserves of over Rs. 290 million as on 30th June, 1988. The company had been declaring handsome dividends ranging from 30% to 40% and bonuses upto eight times salary during the evaluatin period. The good profitability was, however, to a great extent due to the monopoly position of the company as local assembler of 800cc vehicles. It was emphasised in the evaluation report that the profitability could be kept low in view of the expectation of the public about a low priced car from a public enterprises. It was observed that thirty five recommendations were made in the evaluation report. 97% of the recommendations had been accepted by the company for implementation. The major criticism of the evaluation was that Suzuki Project was established with the main objective to achieve self-reliance in the manufacture of small cars but the deletion targets were highly under achieved.

Failure to achieve deletion targets indicate that either the project was ill-conceived or there was complete lack of understanding between sponsors and Ministry of Industries that approved the deletion targets. It was argued that the real beneficiary of the bargain was apparently Suzuki Motor Company of Japan who, on their investment of Rs. 8.89 million, had already received an amount of Rs. 13.45 million as initial consideration while royalties and dividends paid till 1987-88 amounted to Rs. 17 million. The price of the standard 800cc car increased by 120% from Rs. 50,000 in 1982 to Rs. 110,000 in 1989. The impact of Yen appreciation would not have been so severe had deletion targets been achieved as originally planned. The report was highly critical of the existing plans for expansion of the project. It was argued that the decision to spend Rs. 1.4 billion for an increase of 4,000 cars in the 800cc range was questionable. Moreover, the project had been started without the formal approval of ECNEC.

165. The departmental representative agreed that the deletion targets in the original feasibility were certainly over-ambitious. He observed that process of indigenization could not achieved unless the available demand made investment by private sector cost effective. To eleborate his point he observed that the current products sufferd the most from the qualitative aspect of paint, but the newer technologies in paint were highly capital intensive and their acquisition was not cost effective at the current support level. The deparetmental representative argued that Audit's assesment, that PSMC's contribution to strengthening of the country's manufacture base was small, was not realistic. The project had given rise to more than 350 vendors who were manufacturing various parts/components. While assessing the deletion performance it should be taken into account that there were previously no facilities for manufacturing major automotive components and there was a lack of basic vendor industry in fields of forging, die-making and presious machining. It was further argued that the space inherited from Awami Autos was found insufficient for a variety of reasons.

166. The departmental representative eleborated on the justification for the proposed new plant from the perspective of present and future requirements. It was also informed that the existing agreements with Suzuki Motor Company Limited were being reviewed and discussed for necessary revision. The Committee while appreciating the overall performance, expressed the hope that project estimates would be made more realistic.

167. *Kurram Chemical Company Limited (Paras 2.1 to 11.2.3. pages 139—182—Perf/Eval/ Report Vol-IX-A-1988).*—Audit representative explained that the Kurram Chemical Company Limited was originally set up in private sector by British Firms M/s. T & H Smith Limited in collaboration with M/s. A. D. Marker & Sons of Quetta in 1951. It was initially designed and planned to manufacture santonin extracted from processing of indigenous Artemisia herb which grew in abundance in the Kurram Agency. Santonin was used for expulsion of intestinal worms and had an export market.

168. The management did not lift the entire Kurram Artimisia Crop during 1951—53 due to unprofitability shown in the initial years of Company's operations causing resentment and unpleasant incidents in the Tribal Areas. Thereafter, the management was taken over by PIDC in 1954 which on re-organisation of public sector was transferred to Federal Chemical and Ceramics Corporation Limited (FCCCL) in 1974. Sales started declining in 1977 due to increase in use of synthetic substitutes and competition in the international market. Even after adding a new line of production in 1977-78 which included various syrups, ointments and tablets, the company was unable to compete with the private sector and sustained heavy losses during 1978—82 turning it into a sick unit. The company totally depended on M/s. May & Baker for utilisation of its pharmaceutical plant. Its accumulated losses of Rs. 7.334 million as on 30-6-1988 eroded the entire equity and it was no longer an economically viable unit. Replanning of company's operations was needed to make it viable otherwise its privatisation should be considered.

169. The departmental representative while appreciating the evaluation report explained that there was necessity of restructuring the company financially which was delayed as there was threat of its dis-investment which had been removed after its deletion from the list of the units which were to be disinvested. He further informed that a proposal for financial restructuring was being submitted to the Finance Division. The Committee advised that the possibility of a joint venture with the private sector may also be considered.

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

171. The Committee then adjourned to meet again at 9.30 A.M. on Wednesday, the 31st May, 1989.

ISLAMABAD :
The 10th December, 1992.

KHAN AHMAD GORAYA,
Secretary General.

NATIONAL ASSEMBLY SECRETARIAT

Wednesday, the 31st May, 1989.
Fifth Sitting (PAC).

172. The Public Accounts Committee assembled at 9.30 A.M. in Committee Room No. 2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1986-87. The following members attended the meeting:—

Public Accounts Committee:

1.	Mr. Hakim Ali Zardari, MNA	*Chairman*
2.	Dr. Mehboob-ur-Rehman, Minister of State for Food & Agriculture	*Member*
3.	Syed Parvez Ali Shah Jillani, Minister of State for Youth Affairs.	*Member*
4.	Syed Muhammad Aslam, MNA.	*Member*
5.	Sardar Ashiq Muhammad Khan, Mazari, MNA.	*Member*

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Joint Secretary.
2. Mr. Arif Mansur, Deputy Secretary (PAC).
3. Mr. Mulazim Hussain Kazmi, Officer on Special Duty (PAC).

Audit:

1. Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
2. Syed Iftikhar Shabbir, Deputy Auditor-General (GA).
3. Mrs. Suraiya Hafeez, Deputy Auditor-General (CA&E).
4. Mr. A.A. Zaidi, Director General (GA).
5. Sh. Muhammad Sadiq, Accountant General Pakistan Revenues.
6. Mr. Zulqarnain Qureshi, Director General Audit (Federal Govt.).
7. Mr. Fazlur Rehman, Director General (Commercial Audit).
8. Mr. S. T. Rehman, Director General, Audit and Accounts Works.

Ministry of Finance and Planning and Development Division:

1. Dr. M. A. Aghai, Director General (Projects Wing), Planning and Development Division.
2. Mr. M. Amjad Virk, FA (Planning).
3. Mr. M. Ismail Maarif, FA (Informatikon & Broadcasting).
4. Mr. Muhammad Rafique, DFA (Planning).
5. Mr. Kamran Masood, DFA (Information & Broadcasting).

173. *Accounts Examined.*—Accounts pertaining to the following Ministry/Divisions were examined by the Committee during the meeting.

1. National Assembly Secretariat.
2. Statistics Division.
3. Population Welfare Division.
4. Planning and Development Division.
5. Ministry of Information and Broadcasting.

NATIONAL ASSEMBLY SECRETARIAT

174. The Committee took up for its examination the Appropriation Accounts etc. pertaining to the National Assembly Secretariat. The following departmental representatives were present:

1. Mr. K. M. Chima, Secretary.
2. Mr. Khan Ahmad Goraya, Joint Secretary (Admn).
3. Mr. Abdul Majid, Finance & Accounts Officer.

175. This Secretariat controlled Grant No. 103—"National Assembly".

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1986-87)

176. *Grant No. 103—National Assembly (Page 276-AA).*—After surrender of Rs. 653,000 and Rs. 4,718,000 there was net saving of Rs. 150,265 (charged) and Rs. 7,718 (other than charged). No. comments were offered by the Committee.

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

STATISTICS DIVISION

178. The Committee took up for its examination the Appropriation Accounts etc. pertaining to the Statistics Division. The following departmental representatives were present:—

1. Dr. Moinuddin Baqai, Secretary.
2. Rana Rifat Saeed, Joint Secretary.
3. Mr. S.S. Zafar, Deputy Secretary.
4. Mr. Maqbool Hussain Malik, Section Officer (F&A).
5. Mr. Imtiazul Hussain Siddiqi, Additional Agricultural Census Commissioner.
6. Mr. S. M. Ishaque, Director General (FBS).
7. Mr. Ghulam Rasul, Assistant Director (FBS).

179. This Division controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Statistics Division	52
2.	Development Expenditure of Statistics Division	152

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1986-87)

180. *Grant No. 52—Statistics Division (Page 156-AA).*—There was net saving of Rs. 484,923 (after surrendering of Rs. 11,828,600) which was mainly due to non-drawal of some arrears and non-adjustment/raising of debit for stores by the Department of Supplies. No comments were offered by the Committee.

181. *Grant No. 152—Development Expenditure of Statistics Division (Page 157-AA).*—Against saving of Rs. 40,905,535 an amount of Rs. 5,068,400 was surrendered leaving a net saving of Rs. 35,837,135 which was due to:

(a) Non-utilization of Rs. 5,068,400 provided for Pakistan Institute of Statistical Training and Research.

(b) Expenditure of Rs. 28,621,000 and Rs. 7,900,000 having been incurred by Foreign Aid giving Agencies—US Aid/UNDP which they passed on to Economic Affairs Division but was not passed on to AGPR for adjustment.

The Committee observed that apparently the accounting side needed to be strengthened. The Principal Accounting Officer was advised to improve the Division's control over expenditure and physical progress of foreign aided projects. The Division was also advised to ensure timely reconciliation with AGPR.

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

POPULATION WELFARE DIVISION

183. 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. M.A. Kazmi, Secretary.
2. Mr. Manazir Hussain, Joint Secretary (Admn).
3. Mr. Bashir-ud-Din Ahmad, Director, Financial Management.
4. Mr.Zakaullah, Section Officer (F&A).
5. Mr. Akhtar Ali Zaidi, Director General (Programme).
6. Mr. Khalil A. Siddiqui, Director General (M&S).
7. Dr. Mrs. Safia I. Ameen, Director General (Tech).

184. This Division controlled the following grants;—

S. No.	Name of Grant	Grant No.
1.	Population Division.	109
2.	Development Expenditure of Population Division.	168

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1986-87)

185. *Grant No. 109—Population Division (Page 297—AA).*—After surrendering of Rs. 113,300 there was net saving of Rs. 39,372 which was negligible. No comments were given by the Committee.

186. *Grant No. 168—Development Expenditure of Population Division (Page 299—AA).*—Against saving of Rs. 224,371,879 an amount of Rs. 224,700,000 was surrendered. No. comments were offered by the Committee.

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

PLANNING AND DEVELOPMENT DIVISION

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

1. Mr. Bashir Ahmad, Secretary.
2. Mr. Iqbal Mueen, Member-III/Additional Secretary.
3. Lt. Col. (Retd.) M. Nisar A. Khan, Joint Secretary (Admn).
4. Mr. Mushtaq Hussain Syed, Deputy Secretary.
5. Mr. Shabbir Hussain Shah, Deputy Secretary.
6. Mr. M. Sadiq Khan, Finance & Accounts Officer.
7. Dr. Meekal Aziz Ahmed, Joint Chief Economist.
8. Mr. M. Sadiq Swati, Senior Chief.
9. Mr. Abdul Hameed, Deputy Secretary (PIDE).
10. Brig. Syed Afzal Hussain, Director (NLC).
11. Dr. Imtiaz Ahmad Khan, Managing Director (NCC).
12. Dr. Sirajul Haq Mahmood, Senior Chief.
13. Dr. A.R. Khan, Chief of Research (PIDE).

189. This Division controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Planning and Development Division.	108
2.	Development Expenditure of Planning and Development Division.	167

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1986-87)

190. *Grant No. 108—Planning and Development Division (Page 296—AA).*—After surrender of Rs. 2,539,800 there was net saving of Rs. 138,127 which did not invite any comments from the Committee.

191. *Grant No. 167—Development Expenditure of Planning and Development Division (Page 298—AA).*—Net saving of Rs. 162,158,825 after surrender of Rs. 63,320,403 was reported by the Division. After discussion the Committee directed that:—

(a) Secretary, Planning and Development Division should convene a meeting of Secretary, EAD, Secretary Finance and Secretary of any other Division considered necessary to sort out the basic issues pertaining to the accounting of projects financed through foreign aid.

(b) Appropriation figures, duly reconciled between the Administrative Division and AGPR, should be brought before the PAC for discussion/review.

AUDIT REPORT (CIVIL) (VOL. I—1986-87)

192. *Performance Audit Report on Technical Assistance Credit-I (TA CR-I) (Paras 1.1 to 3.9, pages 215—223—AR).*—Audit representative presented a Performance Audit Report which, as informed was a continuation of an earlier report on Award of Consultancy Agreements by Planning Commission. The report covered studies awarded under the World Bank sponsored economic reform programme, known as Technical Assistance Credit Programme. It was designed to cover studies mainly the areas of balance of payments, fiscal management, agriculture, planning industry and energy.

193. Sixty studies had been awarded at a cost of 63 lac dollars out of which 38 were completed and 22 were still under process. The expenditure incurred upto 8/87 was 55 lac dollars. Twenty three studies were awarded to local consultants and the rest to foreign consultants and joint ventures. Audit's main observations were that project monitoring and management information systems' were not effective, studies were not documented systematically and there was no mechanism for implementing and monitoring the results of these studies. There were no policy guidelines and co-ordination within the Government agencies to avail of consultancy services. Reports of studies were not widely circulated. There was no centralized system to co-ordinate with different Ministries regarding availability of consultancy services to avoid duplication. No national policy on consultancy practice had been framed to meet the objectives of annual and perspective plans.

194. Audit recommended that there should be an institutional mechanism where-by the findings of studies might be reflected in the future planning strategy of the country, a national policy on consultancy needed to be formulated and proper documentation of the studies in a Central Library should be insured. It was also informed that the Planning Division authorities have agreed to the findings and recommendations of Audit.

195. It was mentioned by the departmental representatives that they had issued a publication of economic studies which would be made available to the Library of the National Assembly. The Committee directed that its copies be circulated to the PAC Members also and it may be examined if studies can be made public.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII—1986-87)

National Logistic Cell.

196. *Non-recovery of Rs. 19,059 million on accounts of services rendered by National Logistic Cell to Karachi port Trust (Para 21, pages 46-47—ARPSE).*—Audit reported that a sum of Rs. 19.059 million was recoverable from Karachi Port Trust on Account of services rendered by NLC to KPT during 1980-81 to 1985-86 which increased to Rs. 22.158 million upto March, 1989. A Committee consisting of Secretary, Communications represented by Finance, KPT and NLC was to settle the issue, progress of which was still awaited. It was also informed by Audit that a meeting of the Committee was held in February, 1989. The Committee directed that the issue may be resolved by 30-7-1989, otherwise it will be presumed that the Board is not doing work satisfactorily and would require replacement.

197. *Unnecessary procurement of crane valuing Rs. 0.129 million (Para 22, pages 47-48—ARPSE).*—An overhead crane valuing Rs. 0.129 million procured in 1982 for installation in Karachi could not be installed and was later on shifted to Gujranwala in November, 1983. It was assured that the crane was now being utilized. The Committee made no further comments.

National Construction Company (Pak) Limited.

198. *Accounts of NCC (Pak) Limited (Paras 2-3(15), page 20—ARPSE).*—Audit observed that accounts of NCC for the years 1986-77 and 1987-88 have not been compiled. The Committee directed that the accounts should be promptly finalized by the Company.

199. *Loss of 160,609 Iraqi Dinnars (Rs. 7.223 million) due to non-recovery of outstanding dues (Para 20, page 46-ARPSE).*—Audit pointed out that NCC (Pak) Limited failed to encash the Bank Guarantee of 160,609 Iraqi Dinnars from its joint venture which could not complete project Ishaqi-10 with the result that the same was got encashed by the Iraqi Authorities. The departmental representative informed that the encashment was not made and the case was under dispute and they were taking steps to sue them in the court. The Committee observed that such court cases were mostly counter productive and it was important to be careful in the first instance.

200. At this stage in persuance of a previous PAC directive the departmental representative made a presentation on the working of National Logistic Cell.

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

MINISTRY OF INFORMATION AND BROADCASTING

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

1. Mr. Rashid Latif, Secretary.
2. Mr. F. I. Malik, Additional Secretary.
3. Mr. Abdul Haq, Joint Secretary.
4. Mr. Farooq Hasan Gillani, Deputy Secretary.
5. Mr. Abdul Hamid Khan, Deputy Secretary.
6. Mr. Habib Alam, Section Officer.
7. Sh. Iftikhar Ahmad, Accounts Officer.
8. Mufti Jamiluddin, Director General (EP).
9. Mr. Kafil Ahmad, Director General (DFP).
10. Khawaja Ejaz Sarwar, Principal Information Officer.
11. Ch. Ihsanul Haq, Director General (PNC).
12. Mr. Agha Nasir, Director General (PBC).
13. Mr. H. A. Qureshi, Managing Director (PTVC).
14. Mr. Mutiur Rehman Mirza, Finance Director (PTVC).
15. Mr. Mumtaz Ahmad, Finance Manager (APP).

203. This Ministry controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Ministry of Information and Broadcasting	83
2.	Directorate of Publications, Newsreels and Documentaries.	84
3.	Press Information Department.	85
4.	Information Services Abroad.	86
5.	Pakistan National Centres.	87
6.	Other Expenditure of Ministry of Information and Broadcasting.	88

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204. *Grant No. 83 — Ministry of Information and Broadcasting (Page 228-AA).*—Out of a saving of Rs. 1,754,288, a sum of Rs. 246,000 was surrendered leaving a net saving of Rs. 1,508,288. Audit observed that the re-appropriation of Rs. 924,000 made to Grant No. 86 was not permissible. The Committee directed that the matter of re-appropriation be clarified by the Ministry of Finance and also advised that savings should be surrendered in time.

205. *Grant No. 84—Directorate of Publications, Newsreels and Documentaries (Page 229-AA).*—There was a net saving of Rs. 67,801, after surrender of Rs. 392,000. No comments were made by the Committee.

206. *Grant No. 85 — Press Information Department (Page 230-AA).*—Saving of Rs. 154,216 being negligible, no comments were given by the Committee.

207. *Grant No. 86 — Information Services Abroad (Page 231-AA).*—Excess of Rs. 10,671,394 was reported which required regularisation through Excess Budget Statement. It was observed that under-budgeting was the cause of regular excesses against the grants. The Committee directed that the meeting of Ministries of Finance, Foreign Affairs and Information and Broadcasting in persuance of an earlier PAC directive should be convened without delay. Either the Ministry of Information and Broadcastig should convince Finance Division for allocating funds adequate to cover its existing operations abroad or the operations should be scaled down to the level of available resources. It was made clear that generalized explanations would not be considered acceptable in the next P.A.C. meeting.

208. *Grant No. 87-Pakistan National Centres (Page 232-AA).*—Surrender of Rs. 826,000 reduced the saving to Rs. 41,220, no comments were made by the Committee.

209. *Grant No. 88-Other Expenditure of Ministry of Information and Broadcasting (Page 233-AA).*—Saving of Rs. 786,758 was surrendered leaving no variation.

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210. *Irregular Expenditure — Rs. 555,485 (Para 1, page 168-AR).*—Audit pointed out that a sum of Rs. 555,485 came under observation on account of various irregularities out of which an amount of Rs. 458,332 had been regularized during 1983—87 leaving a balance of Rs. 97,153. The Committee directed that the remaining amount should be regularised/written off without any further delay.

(i) *Blockage of Government Money Rs. 239,708 (Para 2, page 169-AR).*—

(ii) *Recoveries not effected Rs. 36,683 (Para 5, page 169-AR).*—

211. On an assurance given by the departmental representative that recovery action was being expedited, the Committee settled the paras subject to varification by Audit.

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

213. The Committee thereafter, adjourned *sine-die.*

KHAN AHMAD GORAYA,
Secretary General.

ISLAMABAD:
The 10th December, 1992.

NATIONAL ASSEMBLY SECRETARIAT

Saturday, the 25th November, 1989.
Sixth Sitting (PAC).

214. The Public Accounts Committee took up for examination the Federal Accounts for 1986-87. The following members attended the meeting, held as usual in Committee Room No. 2 of the Parliament House, Islamabad:—

Public Accounts Committee:

1.	Mr. Hakim Ali Zardari, MNA.	*Chairman*
2.	Dr. Mahboob-ur-Rehman, Minister of State for Food & Agriculture.	*Member*
3.	Syed Parvez Ali Shah Jillani, Minister of State for Youth Affairs.	*Member*
4.	Sardar Ashiq Muhammad Khan Mazari, MNA.	*Member*
5.	Mr. Ihsan-ul-Haq Piracha, Minister of State for Finance.	*Ex-Officio* *Member*

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Secretary.
2. Mr. Arif Mansur, Deputy Secretary (PAC).
3. Mr. Mulazim Hussain Kazmi, Officer on Special Duty (PAC).

Audit:

1. Syed Iftikhar Shabbir, Deputy Auditor-General (GA).
2. Mr. A. A. Zaidi, Director General (GA).
3. Sh. Muhammad Sadiq, Accountant General Pakistan Revenue.
4. Mr. Mansoor Ali Sheikh, Director (GA).
5. Mr. Fazl-ur-Rehman, Director General (CA).
6. Mr. S. T. Rehman, Director General, Audit & Accounts Works.
7. Mr. Shaiq-ul-Khairi, Director, Audit Industry Supply & Food, Karachi.

Ministry of Finance and Planning and Development Division:

1. Mr. Zulfiqar Khan, Joint Secretary (Budget).
2. Ch. Walayat Khan, Deputy Director (Projects Wing), Planning and Development Division.
3. Mr. Hamid Akhtar Niazi, FA (Science and Technology).
4. Mr. Naveed Hasan, FA (Culture, Sports and Tourism).
5. Mr. Nasim Ahmad, FA (Food and Agriculture).
6. Mr. Ahmad Shamsul Huda, FA (Law and Justice, Parliamentary Affairs and Senate).
7. Mr. M. Amjad Virk, FA (Industries).
8. Mr. Tanwir Ali Agha, DFA (Culture, Sports and Tourism).
9. Mr. S.A. Aziz, DFA (Culture, Sports and Tourism).
10. Mr. Muhammad Ibrahim Khan, DFA (Food and Agriculture).
11. Mr. M. Athar Siddiq, DFA (Law and Justice, Parliamentary Affairs and Senate).

215. *Accounts Examined.*—Accounts pertaining to the following Ministries/Divisions were examined by the Committee in two sittings:—

(Morning Sitting 9.30 A.M.)

1. Ministry of Science and Technology.
2. Culture, Sports and Youth Affairs Division.
3. Tourism Division.
4. Agriculture Research Division.
5. Ministry of Food and Agriculture (including Livestock Division).

(Evening Sitting 3.30 P.M.)

1. Senate Secretariat.
2. Law and Justice Division.
3. Parliamentary Affairs Division.
4. Supreme Court of Pakistan.
5. Ministry of Industries.

MINISTRY OF SCIENCE AND TECHNOLOGY

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

1. Mr. Tariq Mustafa, Secretary.
2. Mr. Muhammad Nazim-ur-Rehman, Deputy Secretary.
3. Dr. Qamar Iqbal, Chairman, (PCSIR).
4. Mr. A.Q. Khan, Deputy Scientific Adviser.
5. Syed Abdul Hafeez, Section Officer (F&A).
6. Syed Maqsoodul Hasan, A.A.O.

217. This Ministry controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Ministry of Science and Technology.	115
2.	Other Expenditure of Ministry of Science and Technology.	116
3.	Development Expenditure of Ministrty of Science and Technology.	169
4.	Capital Outlay of Ministry of Science and Technology.	192

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218. *Grant No. 115—Ministry of Science and Technology (Page 316—AA).*—The grant closed with a saving of Rs. 2,062,575. The Ministry surrendered Rs. 2,018,870 leaving a net saving of Rs. 43,705 on which no comments were offered by the Committee.

219. *Grant No. 116—Other Expenditure of Ministry of Science and Technology (Page 317—AA).*—The grant closed with a net saving of Rs. 2,026,219. Rs. 369,853 were surrendered leaving a net saving of Rs. 1,656,366. It was explained that initial problems with National Intitute of Electronics resulted in certain delays and consequent non-utilization of funds. The Committee accepted the explanation.

220. *Grant No. 169—Development Expenditure of Ministsry of Science and Technology (Page 318—AA).*—There was a net saving of Rs. 9,673,761 after the Ministry had surrendered Rs. 3,073,000. The Committee emphasized the need of timely surrender of anticipated savings.

221. *Grant No. 192—Capital Outlay of Ministry of Science and Technology (Page 319—AA).*—There was a a net saving of Rs. 19,341,873 after the Ministry had surrendered Rs. 7,427,000. The Committee did not make any observation.

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

CULTURE, SPORTS AND YOUTH AFFAIRS DIVISION

223. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Culture, Sports and Youth Affairs Division. The following departmental representatives were present:—

1. Khawaja Shahid Hosain, Secretary.
2. Mr. Shoukat Hussain, Joint Secretary.
3. Mr. Javaid Ali Khan, Deputy Secretary.
4. Mr. Khalid Abbas Qureshi, Section Officer (F&A).
5. Brig. Zafar Hayat, Director General (PSB).
6. Dr. Ahmed Nabi Khan, Director General (Archaeology).
7. Dr. M. Rafique Mughal, Director (Archaeology Lahore Fort).

224. This Division controlled the following grants:—

S. No.	Name of Grant.	Grant No.
1.	Culture, Sports and Youth Affairs Division.	25
2.	Archaeology and Museums.	26
3.	Other Expenditure of Culture, Sports and Youth Affairs Division.	27
4.	Development Expenditure of Culture, Sports and Youth Affairs Division.	145

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1986-87)

225. *Grant No. 25—Culture, Sports and Youth Affairs Division (Page 82—AA).*—No comments were offered by the Committee on the net saving of Rs. 250,272.

226. *Grant No. 26—Archaeology and Museums (Page 83—AA).*—The Division surrendered an amount of Rs. 2,810,000, leaving a net saving of Rs. 615,281 which did not attract any comments from the Committee.

227. *Grant No. 27—Other Expenditure of Culture, Sports and Youth Affairs Division (Page 84—AA).*—The Committee did not make any comments on the net saving of Rs. 93,039.

228. *Grant No. 145—Development Expenditure of Culture, Sports and Youth Affairs Division (Page 86—AA).*—Against the saving of Rs. 54,644,056 the department surrendered Rs. 38,094,583. The departmental representative explained that the amount could not be technically consumed, bills pertaining to certain expenditure already incurred remained unpassed. Audit did not agree with the contention and pointed out that the Division obtained a supplementary grant of Rs. 16 million, al-

though substantial savings were anticipated. The Committee observed that the Division's control over development expenditure was apparently inadequate and desired that regular review of expenditure should be undertaken to ensure optimum, utilization of available resources.

AUDIT REPORT (CIVIL) (VOL. II—1986-87)

229. *Special Report on Preservation and Restoration of Lahore Fort (Paras 1.1 to 1.9, pages 2-19-ARCW).*—Audit brought the Special Report on the Project "Preservation and Restoration of Lahore Fort" before the Committee in two parts. The first part evaluated general progress of the project while specific serious irregularities were highlighted in the second part. It was argued that in 1973 the Department of Archaeology launched a five years master plan for preservation and restoration of the Lahore Fort. ECNEC approved the project in 1974. The project was estimated to cost Rs. 10.64 million. By 1985 Rs. 12.27 million had been incurred by revised estimated cost as Rs. 50 million. Thus the project suffered from time and cost over-run of alarming level. Audit also observed that major resources were diverted to items of expenditure not provided in the project and not related to the restoration work. For instance playing equipment for children, furniture, vehicles etc. A clear case of embezzlement of Rs. 822,426 was also detected during Audit. Audit further reported that while the project was nowhere near completion, certain basic documents like measurement books, vouchers, stock register had already disappeared. The specific paras brought up by Audit pertain to embezzlements, non-accountal of stores and unauthorized payments to contractors.

230. The departmental representative stated that in his view certain irregularities has taken place and a very important project has been grossly mishandled. The Division had already initiated some departmental action and 5 officers had been chargesheeted while one case, which had been referred to the FIA, had resulted in an arrest. He argued that the basic problem was that the department of Archaeology did not have an administrative structure suitable for overseeing projects of such magnitude. Lack of administrative controls and weak accounting procedure had resulted in a virtual mess. The Division had already constituted a Committee which would carry out a detailed survey and come up with an action plan. Another Committee comprising a Joint Secretary from the Ministry and a representative of the Auditor-General can go into the details of the irregularities pointed out by Audit, fix responsibility and specify action that needs to be taken. The Committee desired that all the cases reported by Audit should be discussed exhaustively between the Ministry and Audit and definite action should be taken after responsibility had been fixed.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII—1986-87)

National Film Development Corporation Limited.

231. *Audit comments on the accounts of NAFDEC (Paras 95-96, page 131—ARPSE).*—Audit representative observed that the Corporation had been sustaining losses which had accumulated to Rs. 9.008 million as on 30-6-1988. It appeard from the accounts that the Corporation and its working had reach the point of stalemate and some purposeful action was required to change the current state of affairs. The departmental representatives explained that they were developing a definite proposal for the consideration of the Cabinet. The Committee observed that the Corporation which had strayed from its original objectives needed re-evaluation and specified which were originally should either play a meaningful role in those fields which were originally specified for it or else it should be wound up.

232. *Points not discussed to be treated as settled.*—The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Culture, Sports and Youth Affairs Division. These would be treated as settled subject to any action as may be necessary under the rules.

TOURISM DIVISION

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

1. Khawaja Shahid Hosain, Secretary.
2. Mr. Shakeel Ahmad, Joint Secretary.
3. Mr. S.A.H. Bukhari, Section Officer (F&A).
4. Mr. Mujahid Agha, Joint Secretary/Finance Director (PTDC).
5. Mr. Jaffar Shah Muhmand, Deputy Managing Director (PTDC).
6. Mr. S. Qasim Abbas, Manager Audit (PTDC).

234. This Division controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Tourism Division.	28
2.	Development Expenditure of Tourism Division.	146

APPRORPIATION ACCOUNTS (CIVIL) (VOL. I—1986-87)

235. *Grant No. 28—Tourism Division (Page 85—AA).*—No comments were offered by the Committee on the net saving of Rs. 391.227.

236. *Grant No. 146—Development Expenditure of Tourism Division (Page 87—AA).*—Against the saving of Rs. 2,058,946, Rs. 1,936,000 were surrendered leaving a net saving of Rs. 122,946 which did not attract any comments from the Committee.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII—1986-87)

Pakistan Tourism Development Corporation Limited

237. *Audit comments on PTDC (Para 100, page 133—ARPSE).*—Commenting on the financial position of PTDC, Audit observed that the opertional loss was Rs. 3.940 million in 1985-86 which increased to Rs. 4.794 million in 1987-88. The accumulated loss in 1987-88 stood at Rs. 10.33 million. The departmental representative explained that the PTDC, in his assessment, was heavily burdened by many administrative and operational costs which presented unsurmountable problems for a profit oriented management of the Corporation. The current thinking was that the Corporation should disinvest all hotels & motels through long terms leases which would make a dramatic change in the revenue position of the Corporation. The Committee observed that the Corporation should be very careful while the handling the tenders and should ensure that parties with sound financial standing are entertained. It was also discussed that the publicity budget of the Corporation was quite inadequate.

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

AGRICULTURE RESEARCH DIVISION

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

1. Dr. Amir Muhammad, Secretary/Chairman
2. Sahibzada Muhammad Ayaz, Member (Finance) (PARC).
3. Dr. Muhammad Yousaf Chaudhry, Director General (NARC).
4. Dr. M. Qasim Chattha, Director (CMP) (NARC).
5. Mr. Fazal Ahmed, Director (Accounts).
6. Mr. Ansar Hussain, Deputy Director (Accounts).
7. Mr. Talib Hussain Sial, Deputy Secretary.
8. Mr. Zainuddin Zia, Accounts Officer.
9. Mr. Abdul Malik, Accounts Officer.
10. Mr. Mahmudul Hasan, Section Officer.

240. This Division controlled the following grants:—

S. No.	Name of Grant	Grant No
1.	Agriculture Research Division.	54
2.	Development Expenditure of Agriculture Research Division.	154

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1986-87)

241. *Grant No. 54-Agriculture Research Division (Page 163-AA).*—Departmental representative explained that the saving of Rs. 13,368,185 under the grant was due to less release of funds by Finance Division in the last quarter. This was confirmed by the representative of Finance. No comments were made by the Committee.

242. *Grant No. 154-Development Expenditure of Agriculture Research Division (Page 176-AA).*—There was a saving of Rs. 29,696,342 after surrender of Rs. 36,080,000 in time by the department. The departmental representative raised the issue of problems in adjustment of foreign aided projects. It was discussed that a Sub-Committee of the PAC was already looking into the problems of accounting of foreign aid funded projects. The representative of Finance Division informed the Committee that a task group had already been constituted by the Sub-Committee to go into the details and report back its recommendations. The Chairman had directed that Audit may pursue the matter to have it expedited. The Committee also instructed that the Division should undertake detailed reconciliation with AGPR.

AUDIT REPORT (CIVIL) (VOL. I—1986-87)

243. *Performance Audit Report on Crop Maximization Programme (Paras 1.1 to 3.9, pages 61 to 100-AR).*—While evaluating the performance of the Crop Maximization Programme, a project sponsored by PARC with the help of the Goverment of Italy and aimed at improving productivity of Wheat, Rice, Maize and Groundnut, Audit observed that the project was taken up with a delay of 22 months. Groundnut are important component of the programme was dropped as a programme objective, Italian technology was found unsatisfactory for the Crops sought to be developed and there was a considerable misdirection of resources to impractical highly modernized options which were not suitable for the indigenous environment. 52 trucks were transferred to an account which was unconnected with the project. The financial management and accounting was highly inefficient and there was considerable wastage.

244. The departmental representative started by arguing that Audit of such programmes was a very specialized undertaking. The Audit team had apparently not taken into account many hard facts. He also took the plea that timing of Audit was not right as the real impact of the programme became apparent after the Audit exercise. He emphasized that such projects, focus on demonstrating the effectiveness of certain technologies and seek to stimulate the existing system indirectly. Quantification of its achievements is not an easy task. He explained that certain unusual steps like handing over trucks to Commissioner for Afghan Refugees were line with decisions at the highest level. He further explained that deposit of the sale proceeds of fertilizer in a separate project account was in line with established policy.

245. The Committee emphasized that retention of any sales proceeds in a private account was a violation of Constitutional stipulations and the Committee could not endorse this practice, even if it was based on an authorization from the administrative Ministry. Such authorization in itself was ill-advised. The Committee also emphasized that it took serious note of there ported under-achievement of targets in such major programme. Before it took any action on reported management inefficiencies, it could appoint Sub-Committee to review the project and comment on Audit findings. On a request from the departmental representative the Committee, however, agreed that Audit may undertake a detailed review of the Crop Maximization Programme and take into account the progress achieved after the previous Performance Audit. The Committee decided to wait for Audit's review before finalizing its observations in the matter.

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

MINISTRY OF FOOD AND AGRICULTURE

247. The Committee took up for its examination the Appopriation Accounts, Audit Report etc. pertaining to the Ministry of Food and Agriculture (including Livestock Division). The following departmental representatives were present:—

1. Mr. Anwar-ul-Haq Raazi, Additional Secretary-I.
2. Mr. Muzaffar Ahmed, Additional Secretary-II.
3. Mr. Muhammad Bashir, Joint Secretary (Food).
4. Mr. Ayaz Ali Shah, Joint Secretary (E).
5. Mr. M. Anwar Khan, Joint Secretary (Livestock).
6. Mr. Gul Nawaz Malik, O.S.D. (F&A).
7. Dr. M. Noorullah, Wheat Commissioner.
8. Dr. M. Sharif, Commissioner Special Crop.
9. Syed Irfan Ahmed, Director General (FSCD).
10. Maj. Gen. Tariq Nizami, Managing Director (PASSCO).
11. Mr. M. Ajaz, Chairman Agriculture Prices Commission.
12. Mr. Muhammad Younus Khan, Director General (Fisheries Karachi).
13. Dr. M. Shafi, Advisor and Director (Plant Protection Department).
14. Mr. Khalid Ahmed, Director General (FID Lahore).
15. Dr. Baz Muhammad Khan, Director General (W.M. Cell).
16. Mr. Taufiq Rashid Khan, Secretary (PCCC Karachi).
17. Dr. Akhlaq Hussain, Director (NSRD).
18. Dr. M.K. Beg, Director (AQS Karachi).
19. Mr. Abdul H. Zubairi, Manager (Finance) (RCP Lahore).
20. Mian Iftikhar Afzal, Vice President (PCCC).
21. Dr. M.A. Maan, Economic Consultant.
22. Mr. Abdul Latif Rao, Conservator (NCC Wild Life).

248. This Ministry controlled the following grants:—

S. No.	Name of Grant.	Grant No.
1.	Food and Agriculture Division.	53
2.	Forest.	55
3.	Plant Protection Measures.	56
4.	Other Agricultural Services.	57
5.	Subsidy on Wheat.	58
6.	Zoological Survey Department.	59
7.	Livestock Division.	60
8.	Fisheries.	61
9.	Other Expenditure of Food and Agriculture Division.	62
10.	Capital Outlay on Purchase of Food.	130
11.	Capital Outlay on Purchase of Fertilizer.	131
12.	Development Expenditure of Food and Agriculture Division.	153
13.	Development Expenditure of Livestock Division.	155
14.	Capital Outlay on Food Storage and Other Works.	185

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249. *Grant No. 53—Food and Agriculture Division (Page 162—AA).*—Saving of Rs. 213,264 was surrendered by the Department in time. No comments were offered by the Committee.

250. *Grant No. 55—Forest (Page 164—AA).*—Net Saving of Rs. 147,064 was reported, the Committee made no comments.

251. *Grant No. 56—Plant Protection Measures (Page 165—AA).*—Accounts showed net saving of Rs. 23,693,033. Department explained that they had actually surrendered an amount of Rs. 10 million which appeared incorrectly as excess due to a printing error. The Committee made no comments.

252. *Grant No. 57—Other Agricultural Services (Page 166—AA).*—Net saving of Rs. 180,877 was shown which was due to saving in Pay and Allowances. The Committee made no comments.

253. *Grant No. 58—Subsidy on Wheat (Page 167—AA).*—The entire grant of Rs. 150,000,000 was surrendered, because no subsidy payments were made. The Committee made no comments.

254. *Grant No. 59—Zoological Survey Department (Page 168—AA).*—The accounts showed net saving of Rs. 2,000. The Committee made no comments.

255. *Grant No. 60—Livestock Division (Page 169—AA).*—Net saving of Rs. 25,305 appeared in the accounts on which no comments were offered by the Committee.

256. *Grant No. 61—Fisheries (Page 170—AA).*—Saving of Rs. 550,100 was surrendered in time by the Department. The Committee while noting that almost all the expenditure against the head was on Pay and Allowances, directed the Audit to undertake performance Audit of Grants No. 60-Livestock Division and 61-Fisheries to enable the PAC to evaluate whether any useful services resuslted from expenditure against these grants.

257. *Grant No. 62—Other Expenditure of Food and Agriculture Division (Page 171—AA).*—An amount of Rs. 199,000 was surrendered by the Department. Committee made no observation.

258. *Grant No. 130—Capital Outlay on Purchase of Food (Page 172—AA).*—The negligible technical excess resulted from over surrender (Rs. 81,949,082 surrendered against an actual saving of Rs. 81,675,680). The Committee did not make any observation.

259. *Grant No. 131—Capital Outlay on Purchase of Fertilizer (Page 173—AA).*—Net saving of Rs. 229,278,304 was shown after surrender of Rs. 717,905,000. Departmental representative explained that the saving was due to non-payment of contractors bill and non-materialisation of certain purchases. The Committee stressed that it was the primary responsibility of the Ministry of Food and Agriculture to ensure that imported fertilizer reached the farmers before the commencement of the growing seasons and the Ministry was directed to take effective steps in this regard.

260. *Grant No. 153—Development Expenditure of Food and Agriculture Division (Page 174—AA).*—After surrendering of Rs. 786,895,638, net saving of Rs. 213,939,552 was left. The departmental representative stated that this was mostly due to late receipt of debits for certain transactions. The Chairman directed the Department and Audit to jointly look into it and sort out the required adjustments in the accounts. The Committee also inquired about the progress of the work entrusted to the Sub-Committee constituted in a previous meeting. It was informed that the Sub-Committee's report had been finalized and would be considered in a subsequent meeting.

261. *Grant No. 155—Development Expenditure of Livestock Division (Page 177—AA).*—Net saving of Rs. 2,938,659 was shown after surrender of Rs. 21,490,329. The Committee advised that the available resources be utilized through properly managed projects.

262. *Grant No. 185—Capital Outlay on Food Storage and Other Works (Page 178—AA).*—Out of a final grant of Rs. 104,512,000, a saving of Rs. 49,661,000 was surrendered-actual saving being Rs. 49,615,174. The Committee emphasized that allocation of scarce resources against grants which showed very large saving was a very serious issue.

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(i) *Loss due to damage and sweeping of imported fertilizer (Rs. 2.14 million) (Para 1, page 55—AR).—*

(ii) *Non accountal of increase in the quantity of imported fertilizer due to variation in moisture contents (Rs. 28 million) (Para 2, page 55—AR).—*

263. The Principal Accounting Officer was advised to take steps to minimize such losses.

264. *Loss due to shortage of imported fertilizer Rs. 0.354 million (Para 3, page 55—AR).*—The Ministry did not accept Audit's assessment of losses. Despatch statements were revised after 3 years of the occurence. The Committee directed that actual losses be verified through joint investigation by Audit and the concerned department.

265. *Loss of US $ 23975 due to incurrence of demurrage (Para 4, pages 55-56—AR).*—Audit was asked to review the explanation offered by the Ministry.

266. *Purchase of Sub-standard fertilizer US $ 0.27 million (Para 5. page 56—AR).*—Audit reported that a foreign supplier offered to supply 2700 metric tons of DAP fertilizer (bagged) at US $ 217 per metric tons (C & F) Karachi, from a vessel standing off port Karachi. The offer was accepted even after test reports had determined that the fertilizer was badly damaged. The Committee directed that personal responsibility for the purchase of sub-standard fertilizer be fixed and strict administrative action taken in the case.

267. *Loss due to damage of gunny bags Rs. 2.96 million (Para 6, page 56—AR)*—Audit reported a loss of Rs. 2.96 million had incurred due to mishandling of approximately 2 lacks of gunny bags. The Committee viewed it as a serious lapse and directed that loss be made good from the officials responsible after fixing responsibility.

268. *Loss due to damage to imported wheat Rs. 2.548 million (Para 7, page 57—AR).*—Consideration of the paragraph was deferred pendidng reconciliation of the amount involved. The Committee emphasized that once a para comes under review of the PAC, final action to write-off an amount should be based on a PAC recommendation/decision.

269. *Loss due to damage to imported wheat Rs. 1.971 million (Para 8, page 57—AR).*—It was reported by Audit that loss of Rs. 1971 million occured in 1985 due to damage to imported wheat while in the custody of handling agent. The department attributed the loss to manual handling of ships, the residual husk/dust being auctioned as sweepings for animal feed as the same were not accepted by the consignees. The department was warned not to auction such sweepings in future as there were utilized by mills for human consumption.

270. *Loss due to fraudulent drawal of Rs. 1,697 million (Para 9, page 57—AR).*—Audit brought to the notice of the Committee a loss of Rs. 1.697 million by the handling contractor during 1966—68 by producing bogus/fictitious certificate for handling five consignment of wheat at Karachi port. The case was registerd with FIA and was being pursued in a court of law against the concerned officers. The Ministry in their reply did not indicate the action taken against the contractor. On the request of the Ministry consideration of the para was deferred with the remarks that Ministry should investigate properly as the contractor who had drawn the amount fraudulently must by involved in the case.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII—1986-87)

Korangi Fisheries Harbour Authority

271. *Accounts of the Authority (Paras 168—170, page 157—ARPSE).*—Audit reported that Korangi Fisheries Harbour Authority was established in 1982. An Amount of Rs. 428.949 million was approved by ECNEC in December, 1984 for this project which was to be completed in 1989. The work of the project was still at an initial stage and a sum of Rs. 65.759 million had been utilised upto March, 1989. The Authority had not compiled the accounts for 1987-88 & 1988-89. The departmental representative pointed out that Planning and Development Division had asked the Ministry to review the necessity and financial viability of the project. The Committee was not satisfied with the stated reasons for the delay of seven years in the implementation of the project and decided to appoint a Sub-Committee comprising Dr. Mehboob-ur-Rehman, MNA to review the implementation of the dproject and the working of the Korangi Fisheries Harbour Authority, with the assistance of representative. It was desired that report be submitted within six weeks.

Pakistan Agriculture Storage and Services Corporation Limited

272. *Shortage of Rs. 983,961 (Para 17, page 41—ARPSE).*—Audit pointed out that in PASSCO an incharge of a purchase centre misappropriated 7,214 bags of wheat and empty bags valuing Rs. 1.184 million during 1982. He, however, deposited Rs. 0.2 million in February, 1983 and gave under taking on an ordinary paper to deposit balance amount of Rs. 0.984 million within 15 days otherwise, his 27 acres land was to be confiscated. Neither title deeds of land were taken nor confiscation orders were obtained. An FIR was lodged after two years in 1984. The accused was dismissed in February, 1985. But the case was not reported to the police in time.

273. The departmental representative agreed that there were lapses in management and control in the case. Delay of two years in reporting the case was caused because shortage of wheat bags came to PASSCO's notice in 1984. The Committee expressed concern that stock verification was

delayed by two years and directed that the controls of the Corporation should be strengthened and report in this regard rendered to the Committee. Further consideration of the para was deferred.

274. *Delay in arbitration and non-recovery of rent of Rs. 985,386 due to poor performance of cold storage (Para 18, page 42—ARPSE).*—Audit reported that a sum of Rs. 985,386 was recoverable from the Agricultural Marketing and Storage Limited on account of rent of cold storage leased out to AMSL for storing potatoes from 1-4-1983 to 30-9-1983. It was not paid on the plea that due to from the Auditor-General and the Ministry of Food and Agriculture. Failure of PASSCO to maintain the required temperature, potatoes were damaged and AMSL lodged a counter claim of Rs. 1.754 million against PASSCO. The matter remained under dispute till may, 1989 when a meeting between AMSL and PASSCO was held. The Committee was informed that the matter had been patched up by both the parties in view of their long business relations. No further comments were offered by the Committee on this para.

Roti Corporation of Pakistan Limited

275. *The accounts of RCP (Paras 2-3(10), page 19-ARPSE).*—Audit complained that the accounts of RCP for the year 1978-79 onwards had not been made available despite directive of the PAC in its meeting dated 27-7-1987. The Ministry informed the Committee that the accounts for 1984-85 have been sent to Audit. The Committee directed that upto date accounts of the Corporation be produced to the Auditor-General within six weeks.

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

SENATE SECRETARIAT

277. The Committee in its evening sitting (3.30 P.M). took up for examination the Appropriation Accounts etc. pertaining to the Senate Secretariat. The following departmental representatives were present:—

1. Mr. Aziz Ahmed Qureshi, Secretary.
2. Mr. Akhtar Sharif Kanwar, Joint Secretary.
3. Mr. Tahir Sajjad, Deputy Secretary.
4. Mr. Nazir Ahmed, F & A.O.

277-A. This Secretariat controlled Grant No. 104 "The Senate".

278. *Grant No. 104—The Senate (Page 278—AA).*—After surrender of Rs. 5,428,000 under charged section, there was a net saving of Rs. 252,771. Under other than charged section, Rs. 4,374,000 were surrendered, leaving a net saving Rs. 400,615. No comments were offered by the Committee.

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

LAW AND JUSTICE DIVISION

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

1. Mr. Muhammad Irshad, Additional Secretary.
2. Mr. Zafar Ahmed, Deputy Secretary.
3. Mr. Abrar Ahmed Siddiqui, Section Officer (F&A).

281. This Division controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Ministry of Justice and Parliamentary Affairs.	97
2.	Other Expenditure of Ministry of Justice & Parliamentary Affairs.	98

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282. *Grant No. 97—Ministry of Justice and Parliamentary Affairs (Page 262—AA).*—The grant was jointly controlled by the Justice and Parliamentary Affairs Divisions. After surrender of Rs. 818,145 there was a net saving of Rs. 20,674. No comments were made by the Committee on this grant.

283. *Grant No. 98—Other Expenditure of Justice and Parliamentary Affairs Division (Page 263—AA).*—The grant closed with a saving of Rs. 1,373,971 which was not surrendered in time. The department stated that saving was nominal and below 5%. The Committee directed that the savings should be surrendered in time even if it is 1% or 2%. The consideration of grant was deferred with the directive that Secretary Incharge should appear next time to explain the savings.

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

PARLIAMENTARY AFFAIRS DIVISION

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

1. Mr. Sajjad-ul-Hassan, Additional Secretary (Incharge).
2. Mr. Muhammad Aslam, Assistant Secretary (Admn).

286. This Division controlled Grant No. 97—Ministry of Justice and Parliamentary Affairs (Parliamentary Affairs Division only).

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1986-87)

287. *Grant No. 97—Ministry of Justice and Parliamentary Affairs (Parliamentary Affairs Division only) (Page 262—AA).*—After surrender of Rs. 897,151 there was a net saving of Rs. 67,438 under the Parliamentary Affairs Division. Audit pointed out that the Division controlled only one grant but their reconciliation position was not satisfactory. The Committee directed that reconciliation with AGPR should be brought up to date.

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

SUPREME COURT OF PAKISTAN

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

1. Mr. M.A. Latif, Registrar.
2. Mr. Abdur Rahim, Deputy Registrar.
3. Rana Abdul Khaliq, Accountant.

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

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1986-87)

291. *Appropriation "Supreme Court" (Page 264—AA).*—The Appropriation closed with a saving of Rs. 863,800 against which Rs. 868,374 were surrendered. The Committee did not offer any comments.

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

MINISTRY OF INDUSTRIES

293. The Committee took up for its examination the Appropriation Accounts, Audit Report pertaining to the Ministry of Industries. The following departmental representatives were present:—

1. Mr. T.Z. Farooqi, Secretary.
2. Mr. Muhammad Aslam, Joint Secretary (F).
3. Mr. S.N. Abbassi, Director General (Supplies).
4. Mr. S.A. Qarni, Director Finance (EPZA).
5. Mr. M. Abdullah Yousaf, Managing Director (USC).
6. Mr. Mueezuddin Ahmed, Acting Chairman (GCP).
7. Ch. Muhammad Azam, Accounts Officer (Finance).

294. This Ministry controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Ministry of Industries.	79
2.	Industries.	80
3.	Department of Investment Promotion and Supplies.	81
4.	Other Expenditure of Ministry of Industries.	82
5.	Capital Outlay on Miscellaneous Stores	132
6.	Development Expenditure of Ministry of Industries.	161

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1986-87)

295. *Grant No. 79—Ministry of Industries (Page 218-AA).*—There was a saving of Rs. 1,534,836 but the department surrendered Rs. 1,561,100. The Committee did not offer any comments.

296. *Grant No. 80—Industries (Page 219-AA).*—There was a saving of Rs. 1,408,499 out of this, an amount of Rs. 1,182,750 were surrendered leaving a net saving of Rs. 225,749. The Committee did not offer any comments.

297. *Grant No. 81—Department of Investment Promotion and Supplies (Page 220-AA).*—The grant closed with a saving of Rs. 1,259,361. An amount of Rs. 1,355,888 was surrendered by the Department. The Committee made no observation.

298. *Grant No. 82—Other Expenditure of Ministry of Industries (Page 221-AA).*—Out of saving of Rs. 1,134,673, the Ministry had surrendered Rs. 1,115,608 leaving a net saving of Rs. 19,065. The Committee did not offer any comments.

299. *Grant No. 132—Capital Outlay on Miscellaneous Stores (Page 222-AA).*—There was a saving of Rs. 396,013 out of which the Ministry surrendered Rs. 389,600 leaving a net saving of Rs. 6,413. The Committee did not offer any comments.

300. *Grant No. 161—Development Expenditure of Ministry of Industries (Page 223-AA).*—The Ministry surrendered an amount of Rs. 6,993,000 against actual saving of Rs. 6,983,000. The Committee made no observation.

AUDIT REPORT (CIVIL) (VOL. I—1986-87)

301. *Performance Report of Department of Supplies for 1985-86 (Pages 155—165-AR).*—Audit reported that the Department of Supplies was the centralized procurement agency for all the Ministries/Divisions of the Federal Government but since 1983-84, the business of the Department had dwindled significantly due to delay in procurement, increasing tendency to issue NOCs, and direct purchase by almost all the autonomous bodies. Despite considerable reduction of business, the staff strength of the Department had remained constant. The department should review their staff position in the light of its diminishing turnover. The departmental representative stressed the necessity of strengthening the department. Since the system of centralized purchase had its own benefits and was ultimately cost effective. He argued that the interest being taken by departments in self-procurement was a wasteful trend. Audit contradicted the argument on the plea that the services of the department left much to be desired. The Committee advised the Principal Accounting Officer to discourage routine issuance of NOCs to individual departments and improve the performance of his department by upgrading its services.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII—1986-87)

Utility Stores Corporation Pakistan (Private) Limited.

302. *Working results of USC (Paras 181-182, pages 161-162-ARPSE).*—Audit reported that the accumulated loss of Rs. 74.283 million in 1985-86 had been reduced to Rs. 12.521 million in 1987-88, which indicated that the Corporation had improved its performance. The departmental representative explained that the Corporation was selling their commodities at cheaper rates from market which had a positive impact on price control. The Committee did not agree with the department, and felt that the State should not indulge in such retail business which was the life and bread of innumerable people across the country.

Ghee Corporation of Pakistan (Private) Limited.

303. *Performance of GCP (Paras 185—260, pages 163—198-ARPSE).*—Audit reported that the Ghee Corporation of Pakistan (Pvt) Limited was incorporated in June, 1976 to take over the management of the nationalized vegetable ghee units. At present it was managing 26 units, out of which 6 units are owned by GCP whereas remaining 20 are under GCP management. Two companies namely (i) Khyber Vegetable Ghee Mills (Pvt) Limited and (ii) Punjab Vegetable Ghee and General Mills Limited, closed their operations on 27-1-1984 and had accumulated losses to the tune of Rs. 39.412 million and Rs. 53.700 million respectively upto June, 1988. Out of remaining 24 units, 14 sustained losses amounting to Rs. 85.399 million in 1986-87. The 10 units showed profit of Rs. 118.103 million in 1986-87.

304. The departmental representative explained that re-structuring of 4 units had been agreed by the Finance Division and were expected to show profit next year. 5 units had inherent problems which were being examined by a Committee. He further explained that the Corporation had to play the role of stabilizing the prices even at the cost of profitability resulting in losses. The Committee was of the opinion that the losses were primarily due to mismanagement including payment of huge commission on the import of tin plates. The Committee directed the Auditor-General to prepare a comprehensive

report on the procedures followed for procurement/import of major inputs like tin plates and oil by the Ghee Corporation of Pakistan.

305. *Loss of Rs. 95,000 due to purchase of defective computer (Para 19(3) (i), page 44—ARPSE).*—Audit pointed out that E.M. Oil Mills purchased a computer in June, 1983 for Rs. 95,000 without observing the laid down purchase procedure. The computer worked only for 10 months and went out of order in May, 1984. The computer was still lying out of order due to non-availability of spare parts. The departmental representative contended that the purchase was made after observing the proper purchase procedure by the Committee constituted by the Board of Directors. The Committee directed to hold inquiry and report results to the PAC.

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

307. The Committee then adjourned to meet again at 9.30 A.M. on Sunday, the 26th, November, 1989.

KHAN AHMAD GORAYA,
Secretary General.

ISLAMABAD:
The 10th December, 1992.

NATIONAL ASSEMBLY SECRETARIAT

Sunday, the 26th November, 1989.
Seventh Sitting (PAC).

308. The Public Accounts Committee assembled at 9.30 A.M. in Committee Room No. 2 of the Parliament House, Islamabad to continue the examination of Federal Accounts for 1986-87. The following members attended the meeting:—

Public Accounts Committee:

1.	Mr. Hakim Ali Zardari, MNA.	*Chairman*
2.	Dr. Mahboob-ur-Rehman, Minister of State for Food & Agriculture.	*Member*
3.	Syed Parvez Ali Shah Jillani, Minister of State for Youth Affairs.	*Member*
4.	Sardar Ashiq Muhammad Khan Mazari, MNA.	*Member*
5.	Mr. Ihsan-ul-Haq Piracha, Minister of State for Finance.	*Ex-Officio* *Member*

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Secretary.
2. Mr. Arif Mansur, Deputy Secretary (PAC).
3. Mr. Mulazim Hussain Kazmi, Officer on Special Duty (PAC).

Audit:

1. Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
2. Syed Iftikhar Shabbir, Deputy Auditor-General (GA).
3. Mr. Khalid Rafique, Deputy Auditor-General (A&P).
4. Mr. A.A. Zaidi, Director General (GA).
5. Mr. Mansoor Ali Sheikh, Director General (GA).
6. Sh. Muhammad Sadiq, Accountant General Pakistan Revenue.
7. Mr. Fazl-ur-Rehman, Director General (CA).
8. Mr. Zulqarnain Qureshi, Director General Audit (Federal Government).
9. Mr. Munir Ahmed, Director General Audit (PT&T).

Ministry of Finance and Planning and Development Division:

1. Mr. Zulfiqar Khan, Joint Secretary (Budget).
2. Dr. M.A. Agahi, Director General (Project Wing), Planning and Development Division.
3. Mr. Hamid Akhtar Niazi, FA (Science and Technology).
4. Mr. Khurshedul Hasan Rizvi, FA (Army).
5. Mr. Hussain Ahmad, DFA (Communications).
6. Mr. M. Athar Siddiqi, DFA (Interior).

309. *Accounts Examined.*—Accounts pertaining to the following Ministries/Divisions were examined by the Committee during the meeting:—

(Morning Sitting 9.30 A.M.)

1. Council of Islamic Ideology.
2. Ministry of Religious Affairs and Minorities Affairs.
3. Ministry of Interior.

(Evening Sitting 3.30 P.M.)

1. Ministry of Communications. (including deferred paras of PT&T Department for 1985-86).

COUNCIL OF ISLAMIC IDEOLOGY

310. The Committee took up for its examination the Appropriation Accounts, etc. pertaining to the Council of Islamic Ideology. The following departmental representatives were present:—

1. Mr. Safdar Ali Shah, Secretary.
2. Qazi Abdur Rahman, Accountant.

311. This Council controlled Grant No. 113-Advisory Council for Islamic Ideology.

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1986-87)

312. *Grant No. 113-Advisory Council for Islamic Ideology (Page 311—AA).*—The grant closed with a saving of Rs. 427,854. The Committee did not make any observation.

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

MINISTRY OF RELIGIOUS AFFAIRS AND MINORITIES AFFAIRS

314. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Ministry of Religious Affairs and Minorities Affairs. The following departmental representatives were present:—

1. Mr. Haq Nawaz Akhtar, Secretary.
2. Mr. A.D. Shaukat, Section Officer (F&A).

315. This Ministry controlled the following grants:—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Religious Affairs and Minorities Affairs.	112
2.	Other Expenditure of Ministry of Religious Affairs and Minorities Affairs.	114

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1986-87)

316. *Grant No. 112-Ministry of Religious Affairs and Minorities Affairs (Page 310—AA).*—An amount of Rs. 291,932 was surrendered leaving a net saving of Rs. 808,778. No comments were offered by the Committee.

317. *Grant No. 114-Other Expenditure of Ministry of Religious Affairs and Minorities Affairs (Page 312—AA).*—There was a net saving of Rs. 1,758,351, which was not surrendered in time. The Ministry assured the Committee that in future savings would be surrendered in time. The Committee made no further observation.

AUDIT REPORT (CIVIL) (VOL. I—1986-87)

318. *Irregular expenditure—Rs. 4,089,775 (Para 2, page 227-AR).*—According to Audit an expenditure of Rs. 4,089,775 was incurred by the Director General Haj, Jeddah on different items *e.g.* insurance of cars, air-passage, rent of tents and purchase of stores etc. out of it an amount of Rs. 3,581,168 had been regularised, leaving a balance of Rs. 508,607 which needed regularization. The Committee advised regularisation of the balance amount.

319. *Infructuous expenditure of S. Rls. 825,000 (Rs. 3,712,500) on hiring of a building (Para 3, pages 227-228—AR).*—Audit reported that a building was hired at Makkah Mukarramah for a period of three years *w.e.f.* 26-2-1985 for use as Haj House on the condition that the rent was to be recovered from pilgrims who would use the facility. The rental income however fell short of projection of rent which was objected to by Audit. The Ministry informed the Committee that this happened because the Moesasa was turned into a Corporation. The Committee directed the Ministry to write off the losses sustained in hiring the building.

320. *Non-accountal of stores Rs. 94,720 (Para 4, page 228-AR).*—It was reported by Audit that 610 bedding items (210 mattresses and 400 Pillows) worth Rs. 94,720 were purchased by the Deputy Commissioner, Rawalpindi out of Chinese Pilgrims Welfare Fund in 1985, but no stock account was produced. Later on it was stated that the beddings were no more useable and the expenditure was being written off. The Ministry informed the Committee that Deputy Commissioner Rawalpindi was requested time and again to furnish the requisite stock register but no reply had been received. After discussion the Committee directed that in future such purchases should be made through Deputy Commissioner, Islamabad or by the Ministry itself. The Committee directed Audit to verify the write off.

321. *Irregular and excessive drawal of home leave passage Rs. 55,656 (Para 5, page 228-AR).*—The para pertained to irregular and excessive drawal of Rs. 55,656 by *Ex*-Director Haj, Jeddah during 1983—86. Audit pointed out that under Government orders, home leave passage charges were payable from place of posting to the point of entrry into Pakistan only. The point of entry into Pakistan being Karachi, the fare drawn for the sector Karachi—Islamabad—Karachi was inadmissible. The amount drawn in excess should be recovered. The Ministry informed the Committee that recovery on account of overpayment of S. Rls. 314 had been effected. After discussion the Committee dropped the para subject to verification by Audit.

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

MINISTRY OF INTERIOR

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

1. Mr. Dil Jan Khan, Additional Secretary.
2. Mr. Muhammad Iqbal Khan, Joint Secretary (II).
3. Mr. Naseer Ahmed Sheikh, Deputy Secretary (Admn).
4. Mr. Akbar Hussain Siddiqui, Section Officer (F&A).
5. Mr. Amirul Hasan Alvi, Assistant Accounts Officer.
6. Mr. M. Sirjees Nagi, Director General, (Immigration and Passport).
7. Mr. Sang-e-Marjan, Director (Dev)(ICT).
8. Mr. Kaleem Dil Khan, Secretary (PNCB).
9. Mr. Muhammad Saeed Khan, Director (Admn.) (FIA).
10. Mr. Javaid Qayyum Khan, Director General, (Registration Organisation).
11. AVM Saeed Akhtar Ansari, Director General, (Civil Defence).
12. Col. Javed Akhtar, JDG (Pak. Coast Guards, Karachi).
13. Col. Muhammad Akbar, (Pakistan Rangers).
14. Brig. Muhammad Ehsan, IGFC (NWFP).
15. Brig. Shah Hashmat Salimuddin, IGFC (Balochistan).
16. S. Israr Ali Hashmi, Principal, (Central Jail Staff Training Institute, Lahore).

324. This Ministry controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Ministry of Interior	89
2.	Islamabad	90
3.	Passport Organisation	91
4.	Civil Armed Forces	92
5.	Registration Organisation	93
6.	Civil Defence	94
7.	Federal Investigation Agency	95
8.	Other Expenditure of Ministry of Interior (except CDA portion).	96
9.	Development Expenditure of Ministry of Interior	162

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1986-87)

325. *Grant No. 89—Ministry of Interior (Page 238-AA).*—The grant closed with an excess of Rs. 3,044,218. The Ministry explained that the excess of Rs. 1,160,000 occurred because the Finance Division had sanctioned the amount but it could not be included in the supplementary Budget for the year. The balance excess occurred due to indexation of Pay and Allowances and payment to an international organization. The Committee recommended regularization of the excess.

326. *Grant No. 90—Islamabad (Page 239-AA).*—There was an excess of Rs. 1,978,868 in the grant. The Ministry stated that the excess was caused in pay and allowances and some figures were calculated wrong. The Committee observed that the budgetary control of the Ministry appeared to be lax and in three other grants also there was excess. An inter-departmental committee comprising Accountant General Pakistan Revenues (Convener). Financial Adviser, Interior Division and Deputy Secretary (Admn.), Interior Division was appointed to ascertain the causes of the excess in these grants and submit report to the Committee within one month. Recommendation for regularization of the excess was withheld pending the Committee's report.

327. *Grant No. 91-Passport Organisation (Page 240—AA).*—Audit reported that Rs. 430,000 were surrendered, leaving a net saving of Rs. 441,757. The Committee advised that in future the Passport Organization should try to utilize the available funds.

328. *Grant No. 92-Civil Armed Forces (Page 241—AA).*—The grant registered an excess of Rs. 89,699,157. The Committee decided that regularization of the excess would be recommended after the report of the inter-departmental committee.

329. *Grant No. 93-Registration Organization (Page 242—AA).*—There was an excess of Rs. 6,730,529. The Committee advised the inter-departmental committee to examine the excess in detail.

330. *Grant No. 94-Civil Defence (Page 243—AA).*—Audit reported that saving of Rs. 112,055 was not surrendered by the Ministry. No comments were offered by the Committee.

331. *Grant No. 95-Federal Investigation Agency (Page 244—AA).*—The grant showed an excess of Rs. 1,798,265. The Committee withheld recommendation for regularization till the report of the Inter-departmental Committee.

332. *Grant No. 96-Other Expenditure of Ministry of Interior (Page 245—AA).*—An amount of Rs. 1,160,000 were surrendered leaving a net saving of Rs. 1,045,923. The Committee made no observation.

333. *Grant No. 162-Development Expenditure of Ministry of Interior (Page 246—AA).*—Audit reported that Rs. 8,171,072 were surrendered leaving a net saving of Rs. 58,709,888. The Inter-departmental Committee was also required to review the non-utilization of Rs. 66.8 million against this grant and report to the PAC. The Committee may coopt a representative of EAD as its member.

AUDIT REPORT (CIVIL) (VOL. I—1986-87)

334. *Irregular drawal and unauthorized retention of public money in commercial banks amounting to Rs. 9,534,704 (Para 1, page 177—AR).*—Audit reported that A.C.L.G. & R.D. Islamabad drew amounts from PLA and kept in commercial bank accounts. Balance at the close of the financial years 1983-84 to 1985-86 was Rs. 9,534,704. The amount was not surrendered at the close of financial years.

335. The Ministry informed the Committee that amounts on account of grants made by Federal Government for local fund of Rural Area Co-ordination Committee (constituted by the Administrator Islamabad) were drawn and kept in accounts opened with NBP and UBL to incur expenditure according to the Capital, Territory, Local Government Ordinance, 1979. The Ministry assured the Committee that instructions had been issued to stop this practice in future. The Committee dropped the para.

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

MINISTRY OF COMMUNICATIONS

337. The Committee in its evening sitting (3.30 P.M.) took up for examination the Appropriation Accounts, Audit Report etc. pertaining to the Ministry of Communications. The Committee also examined the deferred paras of PT & T Department for 1985-86. The following departmental representatives were present:—

1. Mr. Badruddin Zahidi, Secretary.
2. Mr. Abdul Rehman Khan, Additional Secretary.
3. Rear Admiral Sajjad Akbar, Additional Secretary/Director General (Ports & Shipping Wing).
4. Mr. Muhammad Asghar, Accounts Officer.
5. Mr. I. H. Malik, Section Officer (F&A).
6. Vice Admiral Saeed M. Khan, Chairman (PNSC).
7. Rear Admiral M. Naeem Beg, Managing Director (KSEW).
8. Rear Admiral Akbar M. Khan, Chairman (Port Qasim).
9. Mr. Khan Ajmal Khan, Director General (PT&T).
10. Mr. Feroz Bashir Ansari, CAO (PT&T).
11. Mr. Mohsin Sheikh, Director General (National Highways).
12. Mr. Khalid Jalil, Managing Director (TIP).
13. Brig. Akhtar Ali, Director General (SCO).
14. Brig. Khalid Raza, General Manager (NRTC).
15. Mr. Muhammad Akhtar, Director General (PPO).
16. Mr. M. Azimuddin, CAO (PPO).

338. This Ministry controlled the following grants:—

S. No.	Name of Grant.	Grant No.
1.	Ministry of Communications.	19
2.	Department of Shipping Control and Mercantile Marine.	22
3.	Lighthouses and Lightships	23
4.	Other Expenditure of Ministry of Communications.	24
5.	Development Expenditure of Ministry of Communications.	144
6.	Capital Outlay on Ports and Shipping.	179
7.	Capital Outlay on Communication Works.	180
Pakistan Post Office Department		
1.	Pakistan Post Office Department.	20
2.	Capital Outlay of Post Office Department.	177
Pakistan Telegraph and Telephone Department		
1.	Pakistan Telegraph and Telephone Department.	21
2.	Capital Outlay of Pakistan Telegraph and Telephone Department.	178

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1986-87)

339. *Grant No. 19-Ministry of Communications (Page 72—AA).*—Audit reported an excess of Rs. 13,161 under the grant. The excess surrender of Rs. 95,547 in the absence of saving which increased the excess to Rs. 108,708. The Committee recommended regularisation of excess through Excess Budget Statement.

340. *Grant No. 22-Department of Shipping Control and Mercantile Marine (Page 73—AA).*—An amount of Rs. 260,206 was surrendered leaving a net saving of Rs. 979,145. No comments were offered by the Committee.

341. *Grant No. 23—Lighthouses and Lightships (Page 74-AA).*—Audit reported as excessive surrender of Rs. 77,686 which caused the grant to close with an excess of Rs. 75,629. The Committee did not make any observation.

342. *Grant No. 24—Other Expenditure of Ministry of Communications (Page 75-AA).*—Audit pointed out that Rs. 13,185,583 were surrendered leaving a net saving of Rs. 33,678,884. The Ministry informed that due to non-implementation of contract for ship building, subsidy could not be paid and Rs. 14 million were also not released by the Finance in 4th quarter. The representatives of Finance observed that funds were surrendered released keeping in view the flow of expenditure and realistic possibilities of its consumption.

343. *Grant No. 144—Development Expenditure of Ministry of Communications (Page 76-AA).*—An amount of Rs. 4,303,667 was surrendered leaving a net saving of Rs. 82,097,876. A sum of Rs. 111,793,800 was also surrendered after the prescribed date. Departmental representative explained that saving was due to certain schemes not being approved. The explanation, was accepted by the Committee.

344. *Gramt No. 179—Capital Outlay of Ports and Shipping (Page 77—AA).*—Audit reported that an amount of Rs. 4,000,000 was surrendered, leaving a net saving of Rs. 87,360,875. The Ministry explained that it was due to non-provision of foreign exchange and non-release of Rs. 2.5 million by the Finance. When asked to comment, Finance could not satisfy the Committee and was directed to come well prepared in future.

345. *Grant No. 180—Capital Outlay on Communication Works (Page 78—AA).*—No comments were offered by the Committee.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII—1986-87)

(i) *Karachi Shipyard and Engineering Works Limited (Paras 77—80, pages 123-124—ARPSE)—*

(ii) *National Tanker Company (Pvt) Limited (Para 81, page 125—ARPSE).—*

346. No comments were offered by the Committee on these paras.

Pakistan National Shipping Corporation

347. *Loss of US $ 125,469 equivalent to Pak. Rs. 1,882 million on chartering of ship (Para 8, pages 29-30—ARPSE).*—Audit reported that PNSC gave a ship on hire to a charterer a US $ 4350 per day in November, 1983. The payment was required to be made in advance for every 15 days. Only first hire charge was paid on due date and thereafter all payments were delayed. The vessel remained on charter upto 19-4-1984 and when PNSC took possession of the ship US $ 125,469 equivalent to Pak. Rs. 1.882 million were recoverable from the charterer which have not been recovered so far.

348. Ministry explained that there was no international procedure/system for obtaining any guarantee from charterers. On legal advice, PNSC did not enter into litigation for the recovery of amount. The Committee advised the management to be careful in future and the para was settled.

Port Qasim Authority

349. *Working results of the Authority (Paras 88—91, page 129—ARPSE).*—Audit pointed out that the Port Qasim Authority delayed the submission of accounts to Audit for the years 1986-87 and 1987-88. These were received after the printing of Audit Report and could not be included in it. The Committee directed to submit the accounts on time in future. Audit also informed the Committee that a Sub-Committee to review the working of PQA had been formed in the last PAC meeting held on 25-5-1989 (1985-86) consisting of Sardar Ashiq Muhammad Khan Mazari, MNA and Syed Muhammad Aslam, MNA, assisted by Audit, which had completed most of the work and would submit the report in the next PAC meeting.

PERFORMANCE EVALUATION OF PUBLIC ENTERPRISES (VOL. IX-A—1988)

350. *National Radio Tele-Communication Corporation Haripur (Paras 1.1 to 8.2, pages 5-31-Per/Eval/Report—Vol-IX-A-1988).*—Audit reported that NRTC was set up by the Federal Government in September, 1965, as a "War priority" to undertake assembly-operational needs of the Defence Services. The unit was incorporated as a private limited company on 16-2-1966. Paid-up capital of the company was Rs. 15 million, of which Rs. 10 million were subscribed by the Ministry of Defence and the balance of Rs. 5 million were paid up by PT & T department. The company initially started production of valve type radio sets with the collaboration of M/s. NEC Japan but switched over to transistorized version of radio in 1972-73.

351. Audit among other things pointed out that NRTC had not developed R & D facility and their own line of production. It had remained dependent on advance payments from its clients which was not a healthy business practice. Ministry explained that NRTCs production was likely to increase by demand for opening of new PCOs. The Committee did not agree with Audit for discouraging advance payment system but however, agreed with the necessity of development of R&D facility.

352. *Pakistan National Shipping Corporation, Karachi (Paras 1.1 to 9 pages 45—70-Perform/Eval/Report—Vol-IX-A—1988).*—Audit reported that National Shipping Corporation (NSC) was established in 1963 by the Government of Pakistan with 51% Public and 49% private share

holding. In 1974, the entire shipping business was nationalised and merged into Pak. Shipping Corporation (PSC). In1979 the two Corporations *viz.* NSC and PSC were merged and named "Pakistan National Shipping Corporation" (PNSC) with the objective of better arrangements for operation of shipping, ocean transport services and the development of maritime shipping industry.

353. The paid capital of PNSC is Rs. 500 million of which 75.14% shares are held by the Government of Pakistan. The financial position of the Corporation was far from satisfactory as the equity stood completely eroded due to an accumulated loss of Rs. 3.018 million as on 30-6-1988. The losses were attributed to general world wide recession leading to substantial reduction in cargo freight rates, non-availability of container vessels, financial charges, exchange loss on long term loans and interest thereon, loss on revaluation of assets etc.

354. The liquidity position of the Corporation was very poor Freight receivable from various government agencies increased from Rs. 81 million in 1982-83 to Rs. 89 million in 1987-88. Similarly, agents and owners balances increased from Rs. 24 million on 30-6-1983 to Rs. 179 million *i.e.* by 643% over the same period. In 1989, the Corporation earned a gross operating profit of Rs. 168 million but suffered net operating loss of Rs.277 million PNSC is still in not water and the possibilities of wipping out the accumulated losses are remote.

355. After listening to the report presented by Audit, the Ministry informed the Committee that a summary was being sent to Cabinet which contained most of the issues. The Corporation had already earned profits of Rs. 167.3 million in June, 1989 against loss of Rs. 132 million in 1988. The problems of the PNSC were known to the Government at the highest level and financial rehabilitation of the Corporation was under consideration.

356. The Committee did not agree with the Ministry and held that it would never go into profits. The Committee asked whether there was any proposal of joint ventures. The Ministry replied in negative but informed that the position would be reviewed after three years. The Committee was still not very hopeful about the future of the PNSC and pressed the necessity of reducing the perpetual drain on exchequer.

APPROPRIATION ACCOUNTS (PAKISTAN POST OFFICE DEPARTMENT) (VOL. III—1986-87)

357. *Grant No. 20—Pakistan Post Office Department (Pages 27—29—AA—PPO).*—Audit reported no variation in charged section but showed an excess of Rs. 27,660,526 in other than charged section. The excess was due to late sanction of Rs. 29.326 million by the Finance Division, which could not be included in the Supplementary Schedule of Authorized Expenditure. The Committee recommended regularisation through Excess Budget Statement.

358. *Grant No. 177—Capital Outlay of Pakistan Post Office Department (Page 30—AA—PPO).*—Audit reported an excess of Rs. 463,862 due to double payment of Rs. 450,000 made to Pak. PWD for construction of Post Office Building at Karachi. The Committee recommended regularisation through Excess Budget Statement.

AUDIT REPORT (POST OFFICE, TELEGRAPH AND TELEPHONE DEPARTMENT) (VOL. V—1986-87)

359. *Rush of Expenditure June, 1987 (Para 1.3, pages 10-11—AR—PPO—PT&T).*—No comments were offered by the Committee on this para.

360. *Non-reconciliation of Cash Transactions (Para 1.4, pages 11-AR—PPO—PT&T).*—Audit reported huge difference of Rs. 61.803 million and Rs. 114.996 million in the two sets of figures during 1986-87, which was due to non reconciliation of accounts. The departmental representative assured the

Committee that the reconciliation work was in progress and the amount had been reduced. This work would be improved in future. The Committee instructed that position with regard to no-reconciliation of cash transactions be discussed in detail between Audit and the Department/Ministry and a completely reconciled position brought before the PAC in the next meeting.

361. *Loss of Rs. 36.107 million (Para 1.7, page 13—AR—PPO—PT&T).*—Audit reported that department had estimated a profit of Rs. 96.875 million (Rs. 925 million—Rs. 828.125 million) in 1986-87 but it actually sustained a loss of Rs. 36.107 million (Rs. 855.786 million—Rs. 819.679 million). The departmental representative informed the Committee that loss was due to curfews/disturbances in Hyderabad and Karachi and increase of pay & allowance by the Government which affected to financial position at the same time. The Committee observed that the department should endeavour to make its estimation of profits and expenditure more realistic so that a false position is not presented to the Natinal Assembly at the time of budget approvals. The para was settled.

362. *Irregular purchase of furniture Rs. 768,267 (Para 2.1, page 17-AR—PPO—PT&T).*—Audit pointed out that department had purchased furniture costing Rs. 768,267 without obtaining competitive rates during December, 1984 to December, 1985. Payments were made in cash instead of through cheques in violation of financial rules. The departmental representative assured the Committee that rules would be observed in future. The Committee dropped the para.

DEFERRED PARAS OF PT & T DEPARTMENT FOR THE YEAR 1985-86. AUDIT REPORT (POST OFFICE, TELEGRAPH AND TELEPHONE DEPARTMENT) (VOL. V—1985-86)

363. *Loss of Rs. 761,411 due to wrong planning (Para 8.3 (c), page 43-AR-PPO-PT&T) (1985-86).*—Audit pointed out that in October, 1985 an expenditure of Rs. 761,411 was incurred by a formation against a work which was subsequently abandoned. The matter was stated to be still under investigation. The Ministry informed the Committee that inquiry had already been initiated to look into the matter. The Committee directed that the matter, which was reported to be still under investigation, be finalized within one month and compliance shown to the Committee in its next meeting.

364. *Wasteful expenditure of Rs. 169,336 (Para 8.3 (e), page 44—AR-PPO-PT&T) (1985-86).*—Audit reported that an expenditure of Rs. 169,336 was incurred by a formation against sanctions for works accorded during 1977-78, but the works were cancelled in April, 1982. The departmental representative stated that extra expenditure occurred due to shifting of certain PCOs to different places. After discussion, the Committee directed that the loss should be got written off.

365. *Loss of revenue—Rs. 1,604,982 (Para 8.8 (b), pages 47-48-AR-PPO-PT&T) (1985-86).*—Audit reported that in 22 formations trunk call charges of Rs. 1,604,982 were short realized at public call offices and telephone exchanges from various parties. Rs. 421,976 had been recovered and an amount of Rs. 1,183,006 remained outstanding. The Secretary explained that vigorous effort were being made to realize the dues. The Chairman, PAC directred that dues should be realized quickly. Departmental representative informed the Committee that bills were due from different Government Organizations and efforts were being made to recover the amount. Audit suggested that they should provide lists of defaulters to Finance and utilize the services of adjustor. The Committee upheld the suggestion of Audit and directed the Ministry to serve 15 days notices to concerned parties and also provide detailed lists of dues to be paid by them to the PAC as well as Finance. The Committee directed the Finance to ensure that the payments were arranged, otherwise budget allocations of such departments be reduced by making at source direct payments to the T&T. Finance was also advised to issue general instructions to all departments to remain within their expenditure, ceiling and clear their dues.

366. *Outstanding recovery—Rs. 45,012,131 (Para 8.9 (a), pages 48-49-AR-PPO-PT&T) (1985-86).*—Audit pointed out that outstanding amount had increased from Rs. 34,206,093 to Rs. 45,012,131 as on 30-6-1984 and no effective steps were taken for making recoveries.

367. *Mis-appropriation of Government money—Rs. 101,573 (Para 11.5, pages 82-83-AR-PPO-PT&T) (1985-86).*—Audit reported that an amount of Rs. 101,573 was misappropriated by the cashier of Home Department during 1978-79, out of which Rs. 46,283 were recovered. The accused was dismissed from service but responsibility for not taking timely action to recover the remaining amount had not been fixed by the Management. The departmental representative informed the Committee that the case was sub-judice. The Committee advised timely stern action in such cases while dropping the para.

(i) *Loss of Rs. 2,484,814 on account of non-realization of electric charges from the users (Para 1.16, page 83-AR-PPO-PT&T) (1985-86)—*

(ii) *Loss of Rs. 156,028 due to non-realization of Sui Gas charges from the users (Para 11.7, page 83-AR-PPO-PT&T) (1985-86)—*

368. Audit reported loss of Rs. 2,640,842 due to non-recovery of electricity and sui gas charges from the users (occupants of T&T colony). The amount was charged to the head "Invisible Losses", which resulted in misuse and loss to the department. The charging of amount to invisible loss was strongly contested. After discussion, the Committee desired that the Principal Accounting Officer may personally review the Audit observation and take necessary action to settle the Audit paras. The Chairman directed the management that WAPDA meters be installed in the quarters.

369. *Performance Audit Report on Expansion of Gulberg Telephone Exchange, Lahore from 4000 to 8000 Lines (Paras 1.1 to 5.7, pages 97—101—AR-PPO-PT&T) (1985-86).*—Audit presented Performance Report regarding expansion of Gulberg Telephone Exchange, Lahore. The provision of exchange was made for installation of 400 lines, 600 lines and 3000 lines (total 4000 lines) in different countrywide expansion projects to be completed by July, 1975, June 1976 and June, 1978, respectively. Installation of all 4000 lines was taken up at one time and completed on 18-2-1979 at a cost over-run of Rs. 1.79 million and a time lag of 9 months to 4 years in different phases of work. Audit further pointed out that the T & T department should pay serious attention to expansion through new telephones and prompt recovery of dues.

370. After discussion, the Committee observed that the performance report apparently raised certain very significant issues which the Principal Accounting Officer might personally verify/review and submit an investigation report to the Committee in the next meeting.

APPROPRIATION ACCOUNTS (PAKISTAN TELEGRAPH AND TELEPHONE DEPARTMENT) (VOL. IV—1986-87)

371. *Grant No. 21-Pakistan Telegraph and Telephone Department (Pages 19-20-AA-PT & T).*—Audit reported no variation in charged section of the grant but showed an excess of Rs. 17,634,160 in other than charged section. The Committee recommended regularisation through Excess Budget Statement.

372. *Grant No. 178—Capital Outlay of Pakistan Telegraph and Telephone Department (Pages 21-22-AA-PT & T).*—Audit reported that saving of Rs. 206, 758, 799 in the Appropriation Accounts was not correct as an expenditure of Rs. 979.504 million incurred during the year was not debited to the final grant but was placed under "Remittances". Thus there was actually an excess of Rs. 772.7 million which had not been explained by the Ministry. The PAC had also directed to evolve an effective mechanism to ensure that the stores purchased by the department were duly accounted for. The excess needed to be regularised through Excess Budget Statement. The Committee observed that Auditor-General's contention that the grant had actually closed with an excess of Rs. 772.7 million had not been adequately replied by the Ministry. Position in this regard be sorted out between the Ministry and the Auditor-General and the Committee informed in its next meeting. It may specially be advised if Committee's recommendations on regularisation of excess were required or not.

373. *Irregular expenditure incurred in excess of sanctioned cost Rs. 27,758,815 (Para 6.1, page 33-AR-PPO-PT&T).*— Audit reported that 17 formations incurred an expenditure of Rs. 90 million against a sanctioned expenditure of Rs. 62 million resulting in an unauthorized expenditure of Rs. 28 million (44.5%). The irregularity was pointed out during April, 1983 to October, 1987 but out of 87 only 16 cases were stated to have been regularized. This showed lack of financial control on other part of the department. The Committe directed the department to re-examine Audit's point of view and deferred the para.

374. *Blockage of Capital— Rs. 3,874,863 (Para 6.2, page 33-AR-PPO-PT&T).*—Audit reported that construction of Telecommunication Building at Charsadda Road, Peshawar was completed in March, 1983 at the cost of Rs. 3.875 million but the exchange equipment had not yet been installed in the building, resulting in blockade of Capital and non-provision of telephone connections to public. The Principal Accounting Officer assured the Committee that the telephone system would become operational within one year. On this assurance the Committee made no observation.

375. *Non-accountal of Stores— Rs. 16,679,236 (Para 6.5 & 6.8 (i), pages 34-35-AR-PPO-PT&T).*— Audit pointed out non-accountal of stores worth Rs. 16,679,236 in 34 formations during 1983-84 to 1985-86. The irregularities were pointed out from October, 1985 to June, 1987. But accountal of stores was still in complete in most of the formations. The Committee deferred the para for detailed review in the next PAC meeting.

376. *Un-necessary blockade of stores worth Rs. 5,536,296 (Paras 6.6 & 6.8 (ii), pages 34—36-AR-PPO-PT&T).*— Audit reported non-utilization of imported stores worth Rs. 5,536,296 by 15 formations from 1977-78 to 1983-84. The stores had been purchased either in excess of requirement or without requirement or against unsanctioned estimates remained un-utilized, This indicated loose inventory control. Departmental representative informed the Committee that 8% stores had utilized 20% were left. On the assurance provided by the Principal Acounting Officer that the remaining stores would be fully utilized within one month, the paras were dropped.

377. *Irregular expenditure on building works— Rs. 1,460,400 (Para 6.9, page 36-AR-PPO-PT&T).*— Audit reported irregular expenditure of Rs. 1,460,400 on building works during 1985-86 and 1986-87 by a formation at Islamabad. Quotations were taken from certain contractors instead of inviting tenders. Similarly, tenders containing rates below Pak. PWD scheduled rates were rejected and the contracts were awarded to the contractors offering rates *at par* resulting into irregular expenditure. The departmental representative explained that all the works were in difficult and scattered areas where normal rules could not be applied. Audit suggested framing of rules for such areas. After discussion, the Committee dropped the para. It was however, instructed that the Ministry might review the possibility of creating special provisions for contracts in unattractive areas where sufficient competition was not available.

378. *Loss of Revenue due to leakage of calls exceeding Rs. 10 million (Para 6.10, pages 36-37-AR-PPO-PT&T).*— Audit brought to the notice of the Commitee loss of over Rs. 10 million being the difference between telephone billed to subscribers and the calls registered by the meter of NWD exchange, Sukkur during July,1985 to December, 1986. The Committee took serious notice of the reported position and was not satisfied with the departmental explanation. It directed that immediate steps be taken to fix personal responsibility and strict action taken against the officials found responsible for the *malpractices*. The Chairman also directed that a list of these persons , alongwith the action taken against them, should be provided to the PAC.

379. *Loss of Revenue Rs. 1,269, 652 (Para 6.11, page 37-AR-PPO-PT&T).*— Audit reported loss of revenue of Rs. 1,269,652 on account of not charged/less charged trunk calls during August, 1983

to September, 1986. Recovery of Rs. 272,610 had since been effected as per Ministry's reply but the remaining amount of Rs. 997,042 was still outstanding despite lapse of 3 to 6 years. The Committee directed the Department to effect recoveries within two or three months and report in the next PAC meeting.

380. *Upward trend of outstanding telephone dues (Para 7.7, pages 42-43-AR-PPO-PT&T).*— Audit pointed out an upward trend of outstanding telephone dues against various agencies during 1986-87 to 1988-89. The Committee was informed by the Principal Accounting Officer that outstanding dues of Rs. 2 billion were recoverable from various government departments, autonomous and semi-autonomous Corporations. The Committee instructed that :—

(i) The services of the adjuster may be utilized to mediate with various government departments.

(ii) Notices should be issued to all government departments for immediate payment of outstanding dues and should be duly followed up.

(iii) The Finance Division should issue strict instructions that various government departments should manage their expenditure within the authorized budgetary grants and should ensure that unauthorized expenditure does not keep on adding to the already alarming level of outstanding utility payments.

The Committee also directed that an improved position be brought before it in the next meeting.

381. *Non-disposal of obsolete, un-serviceable and in-operative stores (Para 8.5, page 53-AR-PPO-PT&T).*—Audit reported that stores worth Rs. 8.919 million lying as in-operative, unserviceable/obsolete were not disposed of which was causing loss to the department due to further deterioration. Department informed that stores valuing of Rs. 7.5 million were still under process of disposal. The Principal Acounting Officer was advised to ensure disposal of in-operative/un-serviceable/obsolete stores within 3 months.

382. *Outstanding advance payments of Rs. 63,697,135 against Telephone Industries of Pakistan since 1973 (Para 8.8, page 54-AR-PPO-PT&T).*— Audit reported outstanding advance payments made to Telephone Industries of Pakistan since 1973 to the tune of Rs. 63.697 million against various purchase orders which remained unmaterialized. It was further pointed out that in Ministry's reply the outstanding balance had been reduced to Rs. 44.154 million which showed lack of proper monitoring of the amounts advanced. The Committee advised the Ministry to settle the outstanding adjustments and to report back to the PAC in the next meeeting.

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

384. The Committee then adjourned to meet again at 9.30 A.M. on Monday, the 27th November, 1989.

KHAN AHMAD GORAYA,
Secretary General.

ISLAMABAD :
The 10th December, 1992.

NATIONAL ASSEMBLY SECRETARIAT

Monday, the 27th November, 1989.
Eighth Sitting (PAC).

385. The Public Accounts Committee assembled at 9.30 A.M. in Committee Room No. 2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1986-87. The following members attended the meeting:—

Public Accounts Committee:

1. Mr. Hakim Ali Zardari, MNA.	*Chairman*
2. Dr. Mehboob-ur-Rehman, Minister of State for Food and Agriculture.	*Member*
3. Sardar Muhammad Muqeem Khan Khoso, MNA.	*Member*
4. Sardar Ashiq Muhammad Khan Mazari, MNA.	*Member*
5. Mr. Ihsan-ul-Haq Piracha, Minister of State for Finance.	Ex-Officio *Member*

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Secretary.
2. Mr. Arif Mansur, Deputy Secretary (PAC).
3. Mr. Mulazim Hussain Kazmi, Officer on Special Duty (PAC).

Audit:

1. Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
2. Syed Iftikhar Shabbir, Deputy Auditor-General (GA).
3. Mr. A.A. Zaidi, Director General (GA).
4. Mr. Mansoor Ali Sheikh, Director General (GA).
5. Sh. Muhammad Sadiq, Accountant General Pakistan Revenue.
6. Mr. Fazl-ur-Rehman, Director General (CA).
7. Ch. Fazal Ahmed, Director General (PEC).
8. Mr. Sikander Aziz Esker, Director, Audit Revenue Receipt.

Ministry of Finance and Planning and Development Division:

1. Mr. Zulfiqar Khan, Joint Secretary (Budget).
2. Dr. M.A. Aghai, Director General (Projects Wing). Planning and Development Division.
3. Mr. Yawar Zia, Deputy Secretary (Exp-I)/CBR.
4. Mr. Raza Ashraf, DFA (Cabinet Sectt).
5. Mr. Fakhruddin Malik, FA (DP) (Military Finance).
6. Mr. Jahangir Sheikh, DFA (POFs Board).

386. *Accounts Examined.*—Accounts pertaining to the following Ministries/Divisions were examined by the Committee during the meeting :—

1. Prime Minister's Secretariat (Public and Internal).
2. Prime Minister's Inspection Commission.
3. Election Commission of Pakistan.
4. Finance Division.
5. Central Board of Revenue.
6. Defence Production Division.

PRIME MINISTER'S SECRETARIAT (PUBLIC AND INTERNAL)

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

1. Mr. Riaz Hussain Khokhar, Additional Secretary.
2. Mr. S. Farogh Naweed, Joint Secretary (E & F).
3. Syed Muhammad Afzal, Section Officer.
4. Mr. Najaf Khan, Assistant Secretary (Internal).

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

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1986-87)

389. *Grant No. 10-Prime Minister's Secretariat (Page 54-AA).*—Audit reported that an amount of Rs. 13,112,790 was surrendered against saving of Rs. 12,787,934. No comments were offered by the Committee.

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

PRIME MINISTER'S INSPECTION COMMISSION

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

1. Mr. Muhammad Saeed Qureshi, Additional Secretary/Member.
2. Mr. Aijaz Muhammad, Secretary.

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

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1986-87)

393. *Grant No. 11-Prime Minister's Inspection Commission (Page 27-AA).*—An amount of Rs. 347,000 was surrendered leaving a net saving of Rs. 324,905. No comments were offered by the Committee.

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

ELECTION COMMISSION OF PAKISTAN

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

1. Mr. H.M. Chohan, Secretary.
2. Mr. M. Sarwar Khan Durrani, Joint Secretary.
3. Mr. Muhammad Akram, Deputy Secretary.

396. This Commission controlled the Appropriation "Elections".

397. *Appropriation "Elections" (Page 265-AA).*—An amount of Rs. 4,421,778 was surrendered against the saving of Rs. 3,979, 401. The Committee did not offer any comments.

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

FINANCE DIVISION

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

1. Mr. R. A. Akhund, Secretary.
2. Kazi M. Alimullah, Additional Secretary.
3. Mr. M. Amjad Virk, Joint Secretary (Admn/Coord.).
4. Mr. Ahmed Shamsul Huda, Joint Secretary (Exp.).
5. Syed Samsamul Haq, Joint Secretary.
6. Mr. M. Zafar Iqbal, Joint Secretary (IF).
7. Mr. Javed Ahmed Noel, Joint Secretary (INV).
8. Raja Muhammad Ikramullah Khan, Joint Secretary, (Central Zakat Administration).
9. Maj. Ahmad Nawaz Malik, Deputy Secretary (F&A/Coord).
10. Mr. Athar Mahmood Khan, Deputy Secretary (IF).
11. Mr. Muhammad Bilal Sheikh, SVP (RDFC).
12. Mr. Seraj Ismail Khan, Director Accounts (SBP).
13. Mr. K.M. Talpur, Managing Director (HBFC).
14. Mr. M. Tufail, Managing Director (PSPC).
15. Mr. Abdul Rashid Mian, Managing Director (SBFC).
16. Ch. Ahmad Saeed, Chairman (ADBP).
17. Mr. Imtiaz A. Sahibzada, Managing Director (FBC).
18. Mr. M.M. Ahmed, Executive Director (EPF).
19. Mr. S. Iqbaluddin, EVP (IDBP).
20. Mr. Majeeduddin Khan, SEVP (Bankers Equity Ltd).

400. This Division controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Finance Division.	38
2.	Pakistan Mint.	39
3.	Superannuation Allowances and Pensions.	40
4.	National Savings.	41
5.	Other Expenditure of Finance Division.	42
6.	Grants-in-aid and Miscellaneous Adjustment between Federal and Provincial Governments.	43
7.	Grants and Subsidies to Non-financial Institutions.	44
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21.	Repayment of Short Term Foreign Credits.	—

General Observations of PAC.

401. *Authentication of Excess Budget Statement 1984-85.*—Audit pointed out that Excess Budget Statement for the year 1984-85 was examined and recommended for authentication by the PAC, in its report submitted to the National Assembly on 20-1-1988. The Excess Budget Statement for the year has not yet been authenticated in terms of Article 82(3) of the Constitution. The Ministry informed the Committee that they had prepared a summary for the Prime Minister which will also require approval of the President before it is laid in the National Assembly for authentication. The Principal Accounting Officer assured the Committee that further action on the Excess Budget Statement would be finalized in the near future so that the excesses could be authenticated by the National Assembly in terms of Article 82(3) of the Constitution.

402. *Improvements in Budget Management.*—Audit pointed out that in May, 1986, the PAC addressed a communication to Minister for Finance raising certain basic issues about the budget management. In response Ministry of Finance constituted a Standing Committee which met on 14-12-1986 and decided to change the last date for surrender of anticipated savings from 31st March to 15th May. But the other issues had not been examined since then and no major changes in the budget management system had taken place. In reply, the Ministry promised to examine the issue on priority basis. The Committee decided that the Standing Committee on improvements in budget management created in pursuance of a previous PAC directive needed to be activated to meet on a regular basis. The Committee also endorsed a suggestion by the Principal Accounting Officer that the Management Services Division be inducted into the exercise of review of the existing budgetary system.

403. *Participation of the Ministry of Finance in PAC Meeting.*—It was observed that the participation of the Financial Advisors Organization in the PAC meetings was not very effective. Reference was also drawn to certain contradictory statements made in meeting on Ministry of Communications on 26-11-1989. The Principal Accounting Officer undertook to initiate necessary steps to make the participation more effective and meaningful.

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1986-87)

404. *Grant No. 38-Finance Division (Page 129-AA).*—Saving of Rs. 2,000,229 was not surrendered. The Committee directed that in future savings should be surrendered in time.

405. *Grant No. 39-Pakistan Mint (Page 130-AA).*—An amount of Rs. 470,000 was surrendered leaving a net saving of Rs. 65 only. The Committee made no observation.

406. *Grant No. 40-Superannuation Allowances and Pensions (Page 131-AA).*—Audit reported that in charged section, Rs. 22,757,000 were surrendered leaving a net saving of Rs. 42,159,695. An excess of Rs. 108,396,146 needed to be regularised in other than charged section. The Committee recommended regularisation of excess amount through Excess Budget Statement.

407. *Grant No. 41-National Savings (Page 132-AA).*—An amount of Rs. 3,286,000 were surrendered against the anticipated saving of Rs. 3,053,892. No comments were offered by the Committee.

408. *Grant No. 42-Other Expenditure of Finance Division (Page 133-AA).*—Audit showed an excess of Rs. 876,165,031, which needed to be regularised. The Committee recommended regularisation through Excess Budget Statement.

409. *Grant No. 43-Grants-in-Aid and Miscellaneous Adjustment between Federal and Provincial Governments (Page 135-AA).*—Audit showed no variation in charged section of the grant but showed an excess of Rs. 191,129,690 in other than charged section, which needed to be regularised. The Committee recommended regularisation through Excess Budget Statement.

410. *Grant No. 44-Grants and Subsidies to Non-Financial Institutions (Page 136-AA).*—There was no variation in the grant.

411. *Grant No. 45-Subsidies on Miscellaneous Expenditure (Page 137-AA).*—Audit reported that an amount of Rs. 3,880,000 was surrendered leaving a net saving of Rs. 202,399,306. The Ministry informed the Committee that saving was due to less expenditure on subsidy which was directly paid by State Bank. The Committee advised to the Ministry to correct their accounting system.

412. *Grant No. 135-Federal Miscellaneous Investments (Page 138-AA).*—Audit reported that saving of Rs. 44,753, 199 was not surrendered in time. Departmental representative explained that Rs. 44 million had been surrendered which were not accounted for, leaving a net saving of Rs. 558,000. The Committee made no observation.

413. *Grant No. 136-Other Loans and Advances by the Federal Government (Page 139-AA).*—Rs. 116,792,800 were surrendered leaving a net saving of Rs. 9,212,321. The Committee asked the department to avoid heavy savings in future.

414. *Grant No. 149-Development Expenditure of Finance Division (Page 140-AA).*—An amount of Rs. 1,070,550,000 was surrendered leaving a net saving of Rs. 199,646,383. The department explained that the amount was to be utilized by Ministry of Defence and Statistics Division who could not surrendered the amount in time. The Committee asked the Ministry to enforce strict financial discipline.

415. *Grant No. 150-Development Expenditure on Special Programme (Page 141-AA).*—The Committee recommended regularization of the excess of Rs. 2,550,000 through Excess Budget Statement.

416. *Grant No. 182-Miscellaneous Capital Investments (Page 142-AA).*—Audit reported that saving of Rs. 104,415,000 was not surrendered. The Committee took serious notice and advised the Ministry to set higher standards of discipline.

417. *Grant No. 183-Capital Outlay on Special Development Programmes of Provinces (Page 144-AA).*—An amount of Rs. 118,773,000 was surrendered leaving a net saving of Rs. 897,736,505. The Ministry explained that savings were due to less receipt of Foreign Aid. The Committee made no observation.

418. *Grant No. 184-Development Loans and Advances by the Federal Government (Page 145-AA).*—Audit reported that an amount of Rs. 1,430, 630,000 was surrendered in charged section and Rs. 521,730,900 were surrendered in other than charged section. No comments were offered by the Committee.

419. *Appropriation-Audit (Pages 146-147-AA).*—The Ministry surrendered an amount of Rs. 13,972,000 leaving a net saving of Rs. 674,775. The Committee made no observation.

420. *Appropriation-Servicing of Domestic Debt (Page 148-AA).*—Audit reported that actual amount had not been reconciled and an excess amount of Rs. 1,690,915,912 required to be got regularized. Further discussion was deferred pending reconciliation of the actual. It was also advised that the actual for the next year should also be reconciled at this stage so that the final position is available to the Committee in its next meeting.

421. *Appropriation-Servicing of Foreign Debt (Page 149-AA).*—Audit pointed out that Rs. 78,098,000 were surrendered against the anticipated saving. No comments were offered by the Committee.

422. *Appropriation-Foreign Loan Repayment (Page 150-AA).*—Audit reported that an amount of Rs. 107,954,724 needed to be regularized. The Committee, while recommending regularization through Excess Budget Statement, advised that the problem of weekly holidays falling at the fag end of the financial year be discussed with the EAD and the State Bank because any problem arising from such holidays can be foreseen even at the beginning of the financial year.

423. *Appropriation-Repayment of Domestic Debt (Page 151-AA).*—Audit reported that actuals have not been fully reconciled and excess of Rs. 14,432,360,550 needed to be regularized. Final recommendation on the excess against the Appropriation was withheld pending reconciliation of the actual.

424. *Appropriation-Repayment of Short Term Foreign Credits (Page 152-AA).*—It was recommended by the Committee to regularize the excess expenditure of Rs. 5,007 through Excess Budget Statement.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII—1986-87)

House Building Finance Corporation

425. *Working results of the Corporation (Paras 140-148, pages 147-148 ARPSE).*—Audit reported that the working results of the House Building Finance Corporation for the year 1985-86 and 1986-87 showed nominal losses of Rs. 0.883 million and Rs. 4.747 million, respectively. Audit pointed out that the state of accounts for 1985-86 was not satisfactory and their certification was considerably delayed. The position had improved since then and accounts upto 1987-88 had been compiled and certified. The overall position of accounts still needed improvement. Audit further pointed out that flood loan aggregating Rs. 480.486 million was outstanding till June, 1986. As per PAC's directive dated 19-7-1987 on the accounts for 1984-85, a case for write off of these loans was to be prepared and processed and Finance Division could report the progress in this regard.

426. In response to the points raised by Audit, the departmental representative explained that all the accounts of the Corporation would be reconciled within 1-1/2 years. Necessary measures were also being taken to recover the loans. The Committee advised special attention towards recovery of loans from major borrowers. The Corporation was also advised that a realistic position regarding irrecoverable loans needed to be worked out. The Committee also wanted to know the position of flood loans aggregating to Rs. 480.486 million till June, 1986. Audit explained, that these loans were advanced at the initiative of the Government. After discussion, the Committee did not press the issue further.

Pakistan Security Printing Corporation (Pvt) Limited

427. *Working results of the Corporation (Para 157, page 152-ARPSE).*—Audit reported that the Corporation was a company established by the Government of Pakistan having a paid up capital of

Rs. 538.736 million and equity of Rs. 868.418 million as on June, 1988. Audit also presented the position of Corporation's accounts for 1985-86 to 1987-88 and objected to unnecessary purchases being made by the management. The Committee made no observation on this para.

428. *Blockade of capital to the tune of Rs. 9.150 million due to unnecessary import of machinery (Para 16, page 40-ARPSE).*—Audit brought to the notice of the Committee that the Pakistan Security Printing Corporation had purchased 4 machines and spares valuing Rs. 9.150 million from 1977 to 1985. Two machines, imported in June, 1982 were installed in February and April, 1988 respectively, after completion of the new factory building. One machine, imported in October, 1977 remained uninstalled due to space problems June, 1989. Paper conditioning machine purchased in 1980 at a cost of Rs. 560,000 had not remained in operation since 1981. These machines were procured without any proper planning and funds remained blocked for several years. The Committee asked the Corporation to purchase only the required machinery. Audit was advised to verify utilization of machinery.

Bankers Equity Limited

429. *Working results of BEL (Para 125, page 142-ARPSE).*—Audit reported working results of Bankers Equity Limited for the years 1985-86 to 1987-88 and showed profit of Rs. 169.183 million, Rs. 247.224 million and Rs. 154.465 million, respectively. The Committee made no comments.

Equity Participation Fund

430. *Working results of EPF (Paras 133 & 135, page 144-ARPSE)*—Audit reported that the Equity Participation Fund was established in 1970 by special legislation of Federal Government to accelerate growth of small industrial enterprises in private sector by providing equity support. The fund had a paid up capital of Rs. 155 million and an equity of Rs. 218 million as on 30-6-1987. The EPF invested Rs. 127.765 million in 88 unquoted companies. The accumulated losses of 41 companies reduced its investment book value, whereas 122 companies had not rendered their accounts. The PAC in its meeting dated 19-3-1989 constituted a Sub-Committee to review operations of Equity Particiaption Fund. The Chairman, PAC decided to consider the Sub-Committee's reports in a special PAC meeting during session of National Assembly, when there would be full presence of PAC members.

Agricultural Marketing and Storage Limited

431. *Working results of AMSL (Para 137, page 145-ARPSE).*—It was highlighted by Audit that the Agricultural Marketing and Storage Limited is a subsidiary of Federal Co-operatives Bank which was incorporated to established and assist projects for improving and developing AMSL and arrange storage facilities and maintain steady supply of agricultural commodities. The AMSL had a paid up capital of Rs. 25 million. It had been incurring recurring losses over the years which accumulated to Rs. 38.294 million as on 30-6-1987, thereby eroding the entire share capital. Audit also informed the Committee that in its last session a Committee headed by Minister of State for Finance was looking into the matter. The Principal Accounting Officer undertook to have a Committee constituted which would review the working of the AMSL and report back to the PAC.

Industrial Development Bank of Pakistan

432. *Working results of IDBP (Para 150—152, pages 149-150-ARPSE).*—Audit pointed out that Industrial Development Bank of Pakistan was established in 1961 to provide financial assistance by giving long and medium terms loan in local and foregin currency to establish new industrial units and meeting expansion and modernization needs of existaing units. The Bank had a paid up capital of Rs. 157 million. It earned net profits in three years from 1985-86 to 1987-88 Rs. 69.138 million, Rs. 91.396 million and Rs. 120.180 million, respectively. Rs. 39.580 million were invested in shares of 10 companies (including 4 public sector companies). The book value of investment decreased to Rs. 12.224 million upto 30-6-1987 and hence no dividend income was received. These investments were stated to

have been made under the instructions of the Federal Government or as part of financial package/restructuring approved by Industrial Rehabilitation Committee. Finance Division, in June, 1989 informed Audit that IDBP has been exempted from audit by the Auditor-General of Pakistan. A summary in response to the above decision was submitted to Minister of State for Finance in August, 1989, to which no decision had been received. The Principal Accounting Officer undertook to clarify the position regarding audit of the IDBP by the Auditor-General of Pakistan and report back to the Committee. The Committee advised that the record of IDBP be provided to the Auditor-General for audit.

Investment Corporation of Pakistan

433. *Working results of ICP (Para 156, page 151-ARPSE).*—Audit pointed out that Investment Corporation of Pakistan was established in 1966 with the objective of broadening the base of equity investment and developing capital market. The paid up capital of ICP was Rs. 100 million and equity of Rs. 234.111 million as on 30-6-1987. The ICP had earned net profit of three years from 1985-86 to 1987-88 to Rs. 9.147 million, Rs. 45.214 million and Rs. 18.370 million, respectively. No comments were offered by the Committee on this para.

Regional Development Finance Corporation

434. *Working results of RDFC (Para 161, page 153-ARPSE).*—While commenting upon the performance of Regional Development Finance Corporation, Audit stated that it was established in May, 1985 to carry out promotional work and to finance commercially viable projects in less developed areas. The RDFC had a paid up capital of Rs. 100 million. The Corporation had earned net profit of three years from 1985-86 to 1987-88 to Rs. 3.224 million, Rs. 4.045 million and Rs. 10.857 million, respectively. The Committee made no observation on this para.

Small Business Finance Corporation

435. *Working results of SBFC (Para 165, page 155-ARPSE).*—Audit stated that Small Business Finance Corporation was set up in 1972 to give financial support to business ventures sponsored by middle and lower income groups which were not normally entertained by Commercial Bank and other DFIs. The Corporation had paid up capital of Rs. 100 million and equity of Rs. 166.902 million as on 30-6-1987. The Corporation had earned net profit of three years from 1985-86 to 1987-88 to Rs. 10.129 million, Rs. 13.252 million and Rs. 15.723 million, respectively. The Committee made no observation on this para.

State Bank of Pakistan

436. *Working results of SBP (Para 167, page 156-ARPSE).*—Audit in their report gave the working results of State Bank of Pakistan showing net income of Rs. 2260 million, Rs. 2460 million and Rs. 2660 million during three financial years prior to June, 1988. When questioned, the Principal Accounting Officer informed the Committee that since 1981 rupee rate was being determined with reference to basket ratio based on different currencies. The foreign exchange reserves had also come down. The Committee made no comments on the working results.

PERFORMANCE EVALUATION OF PUBLIC ENTERPRISES (VOL. IX-B—1988)

Agricultural Development Bank of Pakistan

437. *Performance Evaluation Report of ADBP (Paras 1.1 to 8.2, pages 5-31-Perf/Eval-Report-Vol-IX-B-1988)*—Audit reported that the ADBP was established in 1961 by merging Agricultural Development Finance Corporation (ADFC) and Agricultural Development Bank of Pakistan (ADBP). The main objective of the bank was to improve the lot of rural masses by promoting agriculture and

establishing cottage industry. By June, 1988 the ADBP had made total credit disbursement of Rs. 35.862 million. The major chunk of disbursements was utilized towards financing of tractors but the share of tubewells and improved farm implements, also instrumental in agricultural growth, was relatively low. Audit explained that apart from short-term loaning for seeds, fertilizers etc. the Bank also financed capital intensive agro-based industrial projects during the period under review. The share of such financing in total disbursements increased from Rs. 167 million (7%) in 1983 to Rs. 761 million in 1988 (10%). The financing of capital intensive projects was not envisaged in the original charter. A provision to this effect was included which overlapped with other DFIs like IDBP, NDFC and PICIC and also tended to distract management attention from promoting agriculture. Besides, the projects so financed could not yield the desired results. Audit further advised ADBP to improve its financial performance, gradually reduce dependence on lending agencies to mobilize their deposits, proper administrative control on payroll/overtime, disbursement of loans to small farmers and achievement of recovery targets.

438. The Committee advised that the Performance Evaluation Report be discussed for its implementations with the auditors. Members emphasized a review of the level of incentives being provided to small scale industry in the rural areas and steps necessary to foster growth of small scale agro-based industrial units.

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

CENTRAL BOARD OF REVENUE

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

1. Mr. Ghulam Yazdani Khan, Chairman.
2. Mr. Muzaffar Mahmood Qureshi, Member (A&C).
3. Mr. Ibrar Hussain Naqvi, Member (Customs).
4. Mr. Muhammad Tariq, Member (IT).
5. Mr. Muhammad Akbar, Chief (CP).
6. Mr. Mohsin Asad, Chief (CE).
7. Mr. Falak Sher, Chief (GST).
8. Mr. Sikandar Kaleem Fazal, Chief (DTO).
9. Mr. Zafar-ul-Majeed, Secretary, (C-III).
10. Mr. Shahid Bashir, Secretary, (CE).
11. Mr. Muhammad Saeed, Secretary (ST).
12. Mr. Muhammad Zafeer Abbasi, Secretary (ACE).
13. Mr. Liaqat Ali, Secretary (Admn).
14. Mr. Istitat Ali, Secretary (DTO-II).
15. Ch. N.K. Khalid, Accounts Officer.
16. S.M. Yehia, Director (R&S).
17. Mr. Behram Hasan, EVP (ICP).

441. This Board controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Central Board of Revenue.	46
2.	Sea Customs.	47
3.	Land Customs and Central Excise.	48
4.	Taxes on Income and Corporation Tax.	49

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1986-87)

442. *Grant No.* 46-Central Board of Revenue (Page 112-AA)—Audit reported that the department had surrendered an amount of Rs. 7,612,000, in time. No comments were offered by the Committee.

443. *Grant No. 47-Sea Customs (Page 113-AA)*—Audit pointed out that the department had surrendered an amount of Rs. 3,682,000 leaving a net saving of Rs. 727,452. The Committee made no observation.

444. *Grant No. 48—Central Excise and Land Customs (Page 114-AA)*—The department had surrendered an amount of Rs. 4,758,000 in time. No comments were made by the Committee.

445. *Grant No. 49—Taxes on Income and Corporation Tax (Page 115-AA)*—An amount of Rs. 3,000,000 were surrendered leaving a net saving of Rs. 3,064,360. The department explained that savings were due to non-drawal of salaries and keeping vacant posts. The Committee advised that posts should not be kept vacant and savigns should be surrendered in time.

AUDIT REPORT REVENUE RECEIPTS (VOL. III—1986-87)

446. *A general Review of Audit of Federal Tax Revenues (Paras 1.9 to 1.15 and 2.12, pages 5-7 and 28-34-ARRR)*—Audit reported that in 1985-86, gross revenue of Rs. 48,392 million was collected as customs duty, central excise, sales tax and wealth tax. The audit of these receipts was confined to a text check of documents. As a result of audit, short assessments/recoveries of duties and taxes of Rs. 931 million were pointed out. Besides, inadmissible rebates and the irregularities of Rs. 145 million pertaining to Refunds and Rebates were also pointed out. Out of unresponded observations, 75% pertained to Custom Department which become time bared after 6 months leading to eventual losses of additoinal revenues. The inaction by executive might result in total loss of the additional revenues pointed out by Audit.

447. Audit informed the Committee that under the Government instructions, comprehensive compliance of audit observations is required to be made and reported to Audit within two months. These orders/instructions of the Government/CBR are not being followed by the tax collecting agencies. Unlike audit of expenditure, audit of revenue receipts involves detection of short recovery of taxes which are recoverable from tax payers. The chances of recovery of such taxes become remote with the passage of time. Besides, there was an element of the time bar limitation, which can make the whole recovery exercise infructuous. For speedy disposal of audit observations and to resolve controversial issues across the table, the Ministry of Finance decided in December, 1984 to constitute Departmental Accounts Committees (DACs). In pursuance of these orders, the DACs were constituted by the CBR in October, 1985. The CBR was requested to hold meetings of the DAC but no meeting has so far been held despite the lapse of a period of 4 years. After elaborating briefly, Audit requested the Committee to solicit their directives on the following points:—

(a) Compliance Reports of all outstanding Audit and Inspection Reports/Audit observations be given within prescribed time limit.

(b) The department be directed to ensure smooth production of records to Audit and also to take action against defaulters in this regard.

(c) The department be asked to hold regular meetings of the DACs.

(d) Non-recovery of the amounts due to negligence or delayed action by Customs Staff, be made good from the officers/officials at fault.

448. After discussion, the Committee advised that:—

(i) The Departmental Accounts Committee (DAC) constituted by the Finance Division in December, 1984 should meet on a regular basis to ensure that there is a monthly review of Audit observations between the Audit and CBR.

(ii) The Principal Accounting Officer provided the assurance that all the records required by Audit would be provided to them as and when required.

(iii) The Principal Accounting Officer also provided the assurance that all fraud cases (past and future) would be reported to Audit as required under the law.

Significant Issues

(i) *Misuse of Provisions of the Customs Act, 1969 (Para 2.3, page 10-ARRR)—*
(ii) *Disproportionate Export Rebate (Para 2.4, page 10-ARRR)—*
(iii) *Non-observance of GFR Provisions (Para 2.5, pages 12-13-ARRR)—*
(iv) *Double exemption in overlapping period under two different notifications (Para 2.6, pages 15-17-ARRR)—*
(v) *Defective Adjudication orders (Para 2.7, pages 18-19-ARRR)—*
(vi) *Financial irregularities due to defective executive orders (Para 2.8, pages 19-21-ARRR)—*
(vii) *Financial irregularities due to loose supervisory control (Para 2.9, pages 21-26-ARRR)—*
(viii) *Non-recovery of Govt. dues after expiry of validity of stay orders (Para 2.10, pages 26-27-ARRR)—*
(ix) *Blockade of revenue due to abnormal delay of adjudicaiton orders (Para 2.11, paes 27-28-ARRR)—*

Major cases of Tax Evasion or Frauds-Rs. 229.3 million

(x) *Inadmissible Export Rebate of Rs. 83.5 million (Para 3.2, pages 36-38-ARRR)—*
(xi) *Wrongful Export Rebate of Rs. 41 million (Para 3.3, pages 38-41-ARRR)—*
(xii) *Permission for export without due examination (Para 3.4, pages 41-42-ARRR)—*
(xiii) *Fraudulent Evasion of Tax of Rs. 32.7 million (Para 3.5, pages 42-43-ARRR)—*
(xiv) *Unlawful clearance from Bonded Warehouse Rs. 13,108,351 (Para 3.6, pages 43-46-ARRR)—*
(xv) *Evasion of Government dues of Rs. 4,875,820 (Para 3.7, pages 46-47-ARRR)—*
(xvi) *Loss due to Mis-declaration of Rubber Tyres-Rs. 1.5 million (Para 3.8, pages 47-48-ARRR)—*

Refunds and Rebates

(xvii) *Irregular Rebates of Rs. 39,962,367 (Para 8.5, pages 101-103-ARRR)—*

449. Audit reported that the above issues were to be examined by CBR be as they could help in rationalization of existing tax laws and removal of loopholes. Since they had not yet been finally examined, it was proposed that CBR be directed to examine these issues by a prescribed date in consultation with Audit or else they could be examined by a Sub-Committee of the PAC. The Committee was also informed that fraud cases were not reported to Audit as required under the law. Audit took the plea that the above frauds took place either in complicity with Customs staff or due to their negligence. The department had initiated disciplinary action in some cases but the proceedings had not been finalized even after the expiry of a period of more than two years. Audit further explained, that the department had admitted audit contention in 65 paras of the Report involving short recoveries of taxes of Rs. 72.112 million. The recovery/write-off action respecting Rs. 15.012 million had been taken

NATIONAL ASSEMBLY SECRETARIAT

Tuesday, the 28th November, 1989.
Ninth Sitting (PAC)

461. The Public Accounts Committee assembled at 9.30 A.M. in Committee Room No. 2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1986-87. The following members attended the meeting:—

Public Accounts Committee:

1.	Mr. Hakim Ali Zardari, MNA.	*Chairman*
2.	Dr. Mehboob-ur-Rehman, Minister of State for Food and Agriculture.	*Member*
3.	Sardar Muhammad Muqeem Khan Khoso, MNA.	*Member*
4.	Sardar Ashiq Muhammad Khan Mazari, MNA.	*Member*
5.	Mr. Ihsan-ul-Haq Piracha, Minister of State for Finance.	Ex-Officio *Member.*

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Secretary.
2. Mr. Arif Mansur, Deputy Secretary (PAC).
3. Mr. Mulazim Hussain Kazmi, Officer on Special Duty (PAC).

Audit:

1. Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
2. Syed Iftikhar Shabbir, Deputy Auditor-General (GA).
3. Mr. A. A. Zaidi, Director General (GA).
4. Sh. Muhammad Sadiq, Accountant General Pakistan Revenue.
5. Mr. Zulqarnain Qureshi, Director General Audit (Federal Government).
6. Mr. Fazl-ur-Rehman, Director General (CA).
7. Mr. S. T. Rehman, Director General, Audit and Accounts Works.

Ministry of Finance and Planning and Development Division:

1. Dr. M. A. Aghai, Director General (Projects Wing), Planning and Development Division.
2. Mr. Nasr-ul-Aziz, Deputy Secretary (Budget).
3. Mr. Ahmed Shamsul Huda, FA (States and Frontier Regions).
4. Mr. Hamid Akhtar Niazi, FA (Local Government and Rural Development).
5. Mr. A. R. Khan, DFA (States and Frontier Regions).
6. Mr. Hussain Ahmed, DFA (Local Government and Rural Development).

462. *Accounts Examined.*—The accounts pertaining to the following Ministry/Division were examined by the Committee during the meeting:—

1. States and Frontier Regions Division.
2. Ministry of Local Government and Rural Development.

STATES AND FRONTIER REGIONS DIVISION

463. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the States and Frontier Regions Division. The following departmental representatives were present :—

1. Mr. F. K. Bandial, Secretary.
2. Mr. Abdur Rauf Khan, Joint Secretary (F).
3. Mr. Khumar Khan Mahsud, Joint Secretary (A).
4. Mr. Mutiullah Khan, Joint Secretary (R).
5. Mr. Sher Akbar, Deputy Secretary (FATA).
6. Mr. Umardraz Khan Lodhi, Section Officer (F & A).
7. Mr. Munir Ahmed Munir, Section Officer (B-I).
8. Mr. Malik Khan, Section Officer (B-II).
9. Mr. Faqir Ahmed Paracha, Secretary (C & W) (NWFP).
10. Mr. Muhammad Azam Baloch, Additional Secretary, (Home Department, Balochistan).
11. Mr. Muhammad Shirin, Additional Secretary, (Home Department, NWFP).
12. Mr. Muhammad Aziz Khan, CFC (NWFP).
13. Dr. Sardar Ali, Director (Health Services) (NWFP).
14. Mr. Nazeer Hussain Afridi, CE (PHED) (NWFP).
15. Mr. Masood-ur-Rehman Masood, Additional Secretary, (Finance), (NWFP).
16. Mr. Gulzar Khan, Commissioner Afghan Refugees (NWFP).
17. Mr. Wakil Khan Afridi, Director (Food) (NWFP).

464. This Ministry controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	States and Frontier Regions Division.	117
2.	Frontier Regions.	118
3.	Frontier Constabulary.	119
4.	Federally Administered Tribal Areas.	120
5.	Other Expenditure of Federally Administered Tribal Areas.	121
6.	Maintenance Allowances to *Ex*-Rulers.	122
7.	Other Expenditure of States and Frontier Regions Division.	123
8.	Afghan Refugees.	124
9.	Development Expenditure of States and Frontier Regions Division.	170
10.	Development Expenditure of Federally Administered Tribal Areas.	171
11.	Capital Outlay on Development of Tribal Areas.	193

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1986-87)

465. *Grant No. 117-States and Frontier Regions Division (Page 324—AA).*—Audit reported that an amount of Rs. 1,052,842 was surrendered against the saving of Rs. 650,341. No comments were offered by the Committee.

466. *Grant No. 118-Frontier Regions (Page 325—AA).*—Rs. 8,197,534 were surrendered against the saving of Rs. 1,681,539. The Committee asked the reasons for excessive surrender. The Committee advised the Ministry to improve its budget management and control over expenditure.

467. *Grant No. 119—Frontier Constabulary (Page 326—AA).*—The Ministry had surrendered Rs. 12,556,945 against the saving of Rs. 7,895,673. The Committee re-emphasized its previous observation regarding the accounting system in the Ministry.

468. *Grant No. 120—Federally Administered Tribal Areas (Page 327—AA).*—An amount of Rs. 14,097,500 was surrendered leaving a net savings of Rs. 17,170,031. The department explained that savings of Rs. 3 million were due to non-filling of vacant posts.The Committee directed that in future such foreseeable savings should be surrendered in time.

469. *Grant No. 121—Other Expenditure of FATA (Page 328—AA).*—Audit obsered that Rs. 21,950,341 were surrendered leaving a net saving of Rs. 16,412,266. The department again explained that savings resulted from keeping certain posts vacant, for which suitable recruits could not be found. The Committee observed that it was unfortunate that in the face of general unemployment the department was keeping funds unutilized and not even surrendered them.

470. *Grant No. 122—Maintenance Allowance to* Ex-*Rulers (Page 329—AA).*—Audit explained that an expenditure of Rs. 1,380,000 could not be booked by the AGPR sub-office, Peshawar. The expenditure has been booked in the accounts for 1988-89. No comments were offered by the Committee.

471. *Grant No. 123—Other Expenditure of States and Frontier Regions Division (Page 330—AA).*—The grant closed with a nominal saving of Rs. 9,276. The Committee made no comments.

472. *Grant No. 124—Afghan Refugees (Page 331—AA).*—An amount of Rs. 21,950,341 was surrendered leaving a net saving of Rs. 16,412,266. The departmental representative explained that Rs. 9,200,000 were released to Chief Conservator of Forests, NWFP in June, 1987 and passed by Audit in July, 1987. Secondly, under Income Generating Projects for Refugee Areas, an amount of Rs. 7,473,396 were less received from UNHCR through World Bank, as such the amount could not be utilized. The Committee accepted the explanation of the department and did not offer any comments.

473. *Grant No. 170—Development Expenditure of States and Frontier Regions Division (Page 337—AA).*—Audit reported that Rs. 8,136,000 were surrendered leaving a net saving of Rs. 1,478,000. The department explained that amount were released to Pak. PWD and cheques could not be encashed in time. The Committee again directed the Ministry to tighten up financial control.

474. *Grant No. 171—Development Expenditure of FATA (Page 338—AA).*—Rs. 79,179,000 were surrendered against anticipated savings of Rs. 66,232,208. No comments were offered by the Committee.

475. *Grant No. 193—Capital Outlay on Development of Tribal Areas (Page 340—AA).*—Audit informed the Committee that savings of Rs. 6,227,000 were not surrendered. The Ministry stated that saving was due to less release of funds by the Finance Division for the last quarter. The Finance Division explained that the request of the Ministry was received on 9th June and no time left for its utilization. The Committee did not agree with Finance and advised to released the funds whenever demanded as it is the responsibility of the Principal Accounting Officer to utilize/surrender the amount in time. The Committee further advised the Ministry to ensure timely reconciliation of accounts with AGPR.

AUDIT REPORT (CIVIL) (VOL. I—1986-87)

476. *Non-recovery of Government dues—Rs. 1,612,435 (Para 1, page 260—AR).*—Audit brought to the notice of the Committee that Rs. 1,612,435 paid to factories/suppliers during May, 1976 to December, 1985 were still outstanding. The Ministry replied that Rs. 1,182,435 had been recovered but nothing was intimated about Rs. 430,000 paid to Lahore Engineering Foundry and Heavy

Mechanical Complex, Taxila in 1976. After long discussion, the Committee was informed that amount pertained to supply of Road Roller, which took 13 years. It had definitely been supplied but to some other Division. The Committee settled the para subject to verification of write off of balance amount by Audit.

(i) *Non-recovery of outstanding Government dues amounting to Rs. 805,285 (Para 2, page 260—AR).—*

(ii) *Blockage of public money—Rs. 382,478 (Para 3, page 260—AR).—*

(iii) *Non-recovery of Government dues—Rs. 236,917 (Para 8, page 261—AR).—*

477. It was reported by Audit that Rs. 805,285 were outstanding against various contractors since 1982-83. An amount of Rs. 443,200 had been recovered and balance recoveries were being pursued. In another case Rs. 382,478 advanced to various agencies/factories during May, 1977 to October, 1983 were still outstanding. Rs. 50,480 had been received and balance recovery was being pursued. In the third case C&W Division materials/services worth Rs. 236,917 were issued/rendered to other Divisions in 1976—85 but the cost of such material services was not recovered. After going through Audit comments, the Committee advised the Division to ensure complete recovery and report the progress in the next PAC meeting.

478. *Loss of Rs. 100,000 on construction work (Para 19, pages 265-266—AR).*—Audit informed that the District Administrator Afghan Refugees, Bannu paid un-authorized advance of Rs. 100,000 to a contractor without the advance of the Engineering staff. The contractor left the work incomplete. The Department could only forfeit the earnest money of Rs. 5,000. The Ministry fixed responsibility upon the former District Administrator for the loss and handed over the case to FIA but no further progress was intimated. The Committee directed that remaining amount be recovered and action be taken against District Administrator.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII—1986-87)

FATA Development Corporation

(i) *Bara Cigarette Factory (Para 598, page 357—ARPSE).—*
(ii) *Kurram Fruit Products (Para 602, page 358—ARPSE).—*
(iii) *Mohmand Glass Factory (Para 609, page 360—ARPSE).—*
(iv) *Mullagori Marbles Factory (Para 613, page 361—ARPSE).—*
(v) *South Waziristan Footwear and Leahter Goods Industries (Para 617, page 362—ARPSE).—*
(vi) *South Waziristan Tanneries (Para 619, page 362—ARPSE).—*
(vii) *Tochi Valley Match Factory (Para 622. page 364—ARPSE).—*
(viii) *Tochi Woollen Mills (Para 625, page 365—ARPSE).—*

479. Audit reported that Federally Administered Tribal Areas Development Corporation, Peshawar eatablished certain industrial units in Tribal Areas from 1972 to 1980. The units were subsequently shut down due to uneconomical results and operational problems. The investment of the Government in these units was about Rs. 91.5 million, whereas the accumulated loss of these units was Rs. 72.695 million as on 30-6-1988. Audit further informed the Committee that financial results of the industrial units were reviewed by the PAC in its meeting held on 21-5-1989 and it was directed that a high level review involving the States and Frontier Regions Division, Finance Division and Planning and Development Division should be carried out to clearly spell out government's policy regarding future of these units. This review may also take into account Joint Ventures involving the private sector. The States & Frontier Regions Division would ensure that a decision in this regard was arrived at and communicated to PAC within 4 months. In compliance of PAC's directive a press advertisement was made on 20-6-1989 for operation of these units on Joint ventures basis, Further progress in this regard was awaited.

480. The Principal Accounting Officer informed the Committee that economical disposal of Joint Ventures had been considered and not found viable keeping in view the response to request for offers. The Committee observed that the basic decision about operating the units or disposing them had still not been taken. It advised that policy decision in this regard should be arrived at within 4 months.

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

MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT

482. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Ministry of Local Government and Rural Development. The following departmental representatives were present:—

1. Mr. Ahmad Sadik, Secretary.
2. Mr. S.M. Ismail, Joint Secretary (AC&T).
3. Mr. Farouk Khan, Joint Secretary.
4. Mr. Muhammad Rafique, Director General (NCRD).
5. Mr. Rang Illahi, Deputy Secretary (Admn).
6. Mr. Baqir H. Nasim, Deputy Secretary.
7. Mr. Ashiq Hussain Gondal, Section Officer (F&A).
8. Mr. S. Momin Ali Shah, Project Manager.
9. Col. Shahid Ahmad, Project Director.

483. This Ministry controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Ministry of Local Government and Rural Development.	102
2.	Development Expenditure of Ministry of Local Government and Rural Development.	165

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1986-87)

484. *Grant No. 102—Ministry of Local Government and Rural Development (Page 270—AA).*—Rs. 1,518,926 were surrendered by the department in time. No comments were offered by the Committee.

485. *Grant No. 165—Development Expenditure of Ministry of Local Government and Rural Development (Page 271—AA).*—Audit reported that Rs. 192,578,550 were surrendered leaving a net saving of Rs. 24,551,850. The departmental representative explained that the saving occurred due to late appointment of project consultants. Consequently the work could not be started by the close of financial year. The Committee expressed its displeasure for not utilizing such heavy amount. The Committee also advised the Principal Accounting Officer to pay personal attention to projects dealing with farm to market roads being financed through the grant.

AUDIT REPORT (CIVIL) (VOL. I—1986-87)

486. *Performance Report on National Centre for Rural Development, Islamabad (Paras 1.1 to 3.25, pages 187—195—AR).*—Audit reported that National Centre for Rural Development was

started in 1976. The Centre was a combination of 8 development schemes with overlapping objectives, rather than being one planned and integrated scheme. Certain short-term training courses were arranged from 1983-84 onwards whereas, the scheme had started in 1978. A total of 332 trainees had participated in the courses upto 1985-86 against the planned number of 1500. The Ministry has stated that the Centre became functional in February, 1983 and 2521 persons had attended 87 training courses, seminars, workshops and distinguished lectures series upto June, 1989. But as per target, this number should have been 3000. Thus there was a shortfall in achievement of stated objectives.

487. The scheme was originally conceived as the Federal Institute for Rural Development and Local Government. It was revised in 1978 and 1979 and objectives were modified. It total cost worked out to Rs. 57.6 million and it should have been placed before the ECNEC for approval. The scheme was, however, split to avoid approved by ECNEC. Delay in implementation of the schemes ranged from 13 to 49 months. The Ministry attributed the delay to less ADP allocation by Finance Division as compared to actual requirements. However, analysis of the annual ADP allocations revealed that every year allocation was almost the same as envisaged in the PC-I and some amount was invariably surrendered at the end of each financial year, which implied that the allocated funds were not utilized properly. As such the achievement of the project till the close of performance audit could not be termed as satisfactory.

488. The representative of Finance informed the Committee that in 1984 the Ministry had sent a proposal for autonomous status of NCRD to the then President but their proposal was not accepted due to certain reasons. An inter-ministerial Committee meeting held on 10-11-1985 viewed that Pakistan Academy for Rural Development (PARD) was a provincial subject and its 60% funds were borne by the Federal Government, while it was placed under the administrative control of Establishment Division. The functions of NCRD are of a similar nature. Finance further explained that a Committee of Federal Secretaries was also constituted at that time to review the working of training institutions in the country. They opined that in the presence of four other institutions, the existence of NCRD was not serving any useful purpose.

489. The departmental representative explained that in neighbouring countries such intitutes were generally located in the capital cities. Such institutes also performed the role of coordination between provinces. Finance representative informed that during a recent inter-ministerial meeting, the Establishment Secretary had recommended that one institution may function under the Federal Government and its control be placed with the Ministry of Local Government and Rural Development. After considerable discussion on the NCRD, the Committee advised that its opinion be placed on record as follows :—

(i) The two different intitutions, National Centre for Rural Development (NCRD) and Pakistan Academy for Rural Development (PARD) currently placed with two different Ministries should be controlled by one Ministry, preferably the Ministry of Local Government and Rural Development.

(ii) Development of training institutions for rural development in the Centre should not be at the cost of developing such institutions in the Provinces.

490. *Points not discussed to be treated as settled.*—The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Ministry of Local Government and Rural Development. These would be treated as settled subject to any action as may be necessary under the rules.

491. The Committee thereafter, adjourned *sine die.*

Islamabad, the 10th December, 1992.

KHAN AHMAD GORAYA,
Secretary General.

NATIONAL ASSEMBLY SECRETARIAT

Sunday, the 11th March, 1990.
Tenth Sitting (PAC)

492. The Public Accounts Committee assembled at 10.00 A.M. in Committee Room No. 2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1986-87. The following members attended the meeting:—

Public Accounts Committee:

1. Mr. Hakim Ali Zardari, MNA. — *Chairman*
2. Dr. Mehboob-ur-Rehman, Minister of State for Food and Agriculture. — *Member*
3. Syed Parvez Ali Shah Jillani, Minister of State for Youth Affairs. — *Member*
4. Sardar Ashiq Muhammad Khan Mazari, MNA. — *Member*
5. Mr. Ihsan-ul-Haq Piracha, Minister of State for Finance. — Ex-Officio *Member*

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Secretary.
2. Mr. Arif Mansur, Deputy Secretary (PAC).
3. Mr. Mulazim Hussain Kazmi, Officer on Special Duty (PAC).

Audit:

1. Syed Iftikhar Shabbir, Deputy Auditor-General (GA).
2. Mr. M.A. Lodhi, Deputy Auditor-General (CA&E).
3. Mr. A.A. Zaidi, Director General (GA).
4. Sh. Muhammad Sadiq, Accountant General Pakistan Revenue.
5. Mr. Mansoor Ali Sheikh, Director General (GA).
6. Mr. Fazl-ur-Rehman, Director General (CA).
7. Mr. S.T. Rehman, Director General, Audit & Accounts Works.

Ministry of Finance and Planning and Development Division:

1. Mr. Khalid Durrani, Joint Secretary (Projects) Planning and Development Division.
2. Mr. Hamid Akhtar Niazi, FA (Labour, Manpower, Works and Environment and Urban Affairs).

493. *Accounts Examined.*—Accounts pertaining to the following Divisions were examined by the Committee during the meeting:—

1. Labour Division.
2. Manpower and Overseas Pakistanis Division.
3. Environment and Urban Affairs Division.
4. Works Division.

LABOUR DIVISION

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

1. Mr. S.G. Murtaza Shah, Secretary.
2. Mr. Saadatullah Khan, Joint Secretary.

3. Mr. Karam Ellahi, Deputy Secretary.
4. Mr. Fazal Karim Khan, Deputy Secretary.
5. Mr. Shahamatullah Khan, Section Officer (F&A).
6. Mr. Tanweer Ahmed Khan, Social Security Adviser.
7. Mr. Barkatullah Khan, Chairman (EOBI).
8. Ch. Rashid Ahmed, A.O. (WWF).

495. This Division controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Labour Division.	99
2.	Other Expenditure of Labour Division.	100
3.	Development Expenditure of Labour Division.	163

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1986-87)

496. *Grant No.* 99-Labour Division (Page 252-AA)—Rs. 530,550 were surrendered against the saving of Rs. 524,844. No comments were offered by the Committee.

497. *Grant No. 100—Other Expenditure of Labour Division (Page 253—AA).*—Audit reported that Rs. 69,440,051 were surrendered against the anticipated saving of Rs. 24,557,929. The departmental representative explained that the receipts were more than the expenditure in the budget. It was difficult to accurately assess the receipts. The Committee advised that the inter-departmental Committee set up by the PAC to review problems related to expenditure booked against the grant may finalize its recommendations without further delay.

498. *Grant No. 163—Development Expenditure of Labour Division (Page 255—AA).*—There was no variation in the grant.

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

MANPOWER AND OVERSEAS PAKISTANIS DIVISION

500. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Manpower and Overseas Pakistanis Division. The following departmental representatives were present:—

1. Mr. S.G. Murtaza Shah, Secretary.
2. Mr. A.H. Sajid, Joint Secretary.
3. Ch. Muhammad Munir, OSD (F&A).
4. Mr. Ainuddin Siddiqi, Managing Director (OPF).
5. Col. (Retd) Aftab Malik, Director General (NTB).
6. Mr. S. Mehr Badshah, Director General (BE & O.E.).
7. Mr. Abdus Sattar Gill, Director General (NTP).
8. Mr. Muhammad Imran Kadir, Managing Director (OEC).

501. This Division controlled the following grants:—

S No.	Name of Grant	Grant No.
1.	Manpower and Overseas Pakistanis Division.	101
2.	Development Expenditure of Manpower and Overseas Pakistanis Division.	164

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1986-87)

502. *Grant No. 101—Manpower and Overseas Pakistanis Division (Page 254—AA).*—Audit reported excess expenditure of Rs. 264,337 which needed to be regularized. The Committee recommended regularization of excess through Excess Budget Statement.

503. *Grant No. 164—Development Expenditure of Manpower and Overseas Pakistanis Division (Page 256—AA).*—Rs. 36,952,000 were surrendered leaving a net saving of Rs. 37,655,181. The department explained that savings were because Finance Division did not release funds on the grounds that economy measures had been adopted and no funds would be released for any new project. Audit pointed out that the department did not fully utilise the funds released in the first three quarters. However, the department took the plea that had total amount been released, they would have made the expenditure. The Committee made no observation.

AUDIT REPORT (CIVIL) (VOL. I—1986-87)

504. *T.A. Advance not adjusted—Rs. 186,096 (Para 2, page 198—AR).*—Audit reported that Community Welfare Attache, Embassy of Pakistan, Copenhagen, on his transfer to Headquarters in May, 1984, was allowed a T.A. Advance of Rs. 186,096 which still remained to be adjusted. The department assured the Committee that T.A. bills have been submitted and would be adjusted.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VII—1986-87)

Overseas Employment Corporation (Pvt) Limited

505. *Working results of OEC (Paras 273—276, page 204—ARPSE).*—Audit informed the Committee that individual visa fee of Rs. 0.688 million payable to Government as on 30-6-1987, had not been paid upto 30-6-1988. The Corporation had earned profit of Rs. 1.502 million, Rs. 6.596 million and Rs. 0.207 million during 1985-86, 1986-87 and 1987-88, respectively. The departmental representative explained that under the advice of the Finance Division, funds had been invested in Defence Savings Certificates. An amount of Rs. 2.6 million had also been deposited in the Workers Welfare had also approved a Housing Scheme for the welfare of workers. Finance Minister intervened to say that during meeting with the Provincial Government there was a dispute between Federal and Provincial Government on this issue, the Provincial Government had completed various schemes without approval/sanction of the Federal Government but they had not given adequate justification. The department further informed the Committee that business was conducted by labour importing countries. They had given most of the business to the private sector and OEC was facing difficulty since then. Despite that it has been made very clear to the Corporation that they should not bank on any financial assistance from the Government and they had shown definite improvement. After considerable discussion, the Committee not being satisfied with the departmental explanation, instructed that in future, Government money should not be kept in personal account and cautioned that OEC should improve its financial performance, otherwise the PAC would be constrained to recommend its winding-up.

Overseas Pakistanis Foundation

506. *Working results of OPF (Para 277, page 205—ARPSE).*—Audit reported that the financial performance of the Foundation had been satisfactory as its had shown profits of Rs. 30.970 million, Rs. 25.594 million and Rs. 16.400 million during 1985-86, 1986-86 and 1987-88, respectively. The department informed the Committee that the major chunk of their income was taken away by Income Tax Department, although income tax should not have been recovered from OPF, it being a welfare organization. The Departmental representatives expressed the hope that profitability would improve further and there would be an even better return on investments in future.

Kaghan Brick Works Limited

507. *Working results of the Company (Paras 280—283, pages 206-207—ARPSE).*—The financial position of the formation had deteriorated and its entire equity of Rs. 6.500 million had been eroded. The departmental representative explained that total investment of OPF was Rs. 86 million which included loans from financial institutions. Keeping in view the poor financial condition, the Ministry had proposed to the financial institutions to write off interest charges due to them. Two of them had agreed but MCB was reluctant. If these institutions did not write off interest, the Ministry would have no option except to liquidate the project, which would be a loss of Rs. 50 million to OPF and 200 employees of the Foundation would also become jobless. The Committee was inclined to recommend disinvestment. The Principal Accounting Officer, however, took up the plea that the investment could be retrieved and negotiations were in progress with NCBs to get the interest charges written off. The Committee finally decided to give the Principal Accounting Officer a chance to salvage the investment.

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

ENVIRONMENT AND URBAN AFFAIRS DIVISION

509. The Committee took up for its examination the Appropriation Accounts etc. pertaining to the Environment and Urban Affairs Division. The following departmental representatives were present:—

1. Mr. S.A.S. Ainuddin, Secretary.
2. Mr. Abdul Wahab, Additional Secretary.
3. Mr. Shamsul Haq, Joint Secretary.
4. Mr. Muhammad Hussain, Deputy Secretary.
5. Mr. M. Shafi Sehwani, Director General (Katchi Abadi).
6. Mr. M. Irfan, Managing Director (PEPAC).
7. Mr. Sultan Shah, Section Officer.

510. This Division controlled the following grants:—

S. No.	Name of Grant.	Grant No.
1.	Environment and Urban Affairs Division.	73
2.	Development Expenditure of Environment and Urban Affairs Division.	159

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1986-87)

511. *Grant No. 73—Environment and Urban Affairs Division (Page 204-AA).*—Rs. 5,289,400 were surrendered by the department leaving a net saving of Rs. 22,671. No comments were offered by the Committee.

512. *Grant No. 159—Development Expenditure of Environment and Urban Affairs Division (Page 211-AA).*—Audit reported that Rs. 3,732,100 were surrendered, leaving a net saving of Rs. 125,000. No comments were offered by the Committee.

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

WORKS DIVISION

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

1. Mr. S.A.S. Ainuddin, Secretary.
2. Mr. Jalees Ahmed Siddiqui, Joint Secretary.
3. Mr. Muhammad Din, Section Officer (A&B/Council).
4. Mr. Sher Zaman Niazi, Section Officer (F&A).
5. Mr. M. I. Rajput, Director General (PPWD).
6. Khanzada Abdul Wadud Khan, Managing Director (NCL).
7. Mr. Muhammad Rafiq Ahmed, Chief Engineer (PPWD).
8. Mr. Sultan Haider, Chief Engineer (PPWD).
9. Mr. Absar Ahmad Siddiqi, Chief Engineer (PPWD).
10. Mr. Asif Usman, Director Budget (PPWD).
11. Mr. Ghulam Mustafa Kazi, OSD (Estate).

515. This Division controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Works Division.	74
2.	Civil Works.	75
3.	Estate Offices.	76
4.	Federal Lodges.	77
5.	Other Expenditure of Works Division.	78
6.	Development Expenditure of Works Division.	160
7.	Capital Outlay on Civil Works.	187

APPROPRIATION ACCOUNTS (CIVIL) VOL. I—1986-87)

516. *Grant No. 74—Works Division (Page 205-AA).*—Audit reported an excess of Rs. 28,965 which was required to be regularised. The Committee recommended regularization through Excess Budget Statement.

517. *Grant No. 75—Civil Works (Page 206-AA).*—Audit reported an excess amount of Rs. 718 in "Charged" Section and Rs. 44,503,168 in "Other than Charged" Section. The PAC in its previous meeting (pertaining to the Accounts for 1985-86), had called for a detailed explanation of continued excess against the grant. It was informed that the explanation/report had not been finalized. The Committee directed that detailed report explaining excess of two consecutive years (1985-86 and 1986-87) be communicated within one month.

518. *Grant No. 76—Estate Offices (Page 208-AA).*—Rs. 1,002,000 were surrendered leaving a net saving of Rs. 258,131. No comments were offered by the Committee.

519. *Grant No. 77—Federal Lodges (Page 209-AA).*—Rs. 448,000 were surrendered leaving a net saving of Rs. 66,775. No comments were offered by the Committee.

520. *Grant No.78—Other Expenditure of Works Division (Page 210-AA).*—Audit reported that Rs. 30,000 were surrendered leaving a net saving of Rs. 65,059. The Committee made no observation.

521. *Grant No. 160—Development Expenditure of Works Division (Page 212-AA).*—Audit reported net saving of Rs. 1,091,265 in "Charged" Section and Rs. 11,668 in "Other than Charged" Section, which was not surrendered in time. The Committee was not satisfied with the departmental explanation and directed timely surrender of savings in future.

522. *Grant No. 187—Capital Outlay on Civil Works (Page 213-AA).*—There was a net saving of Rs. 64,084,260 which was not surrendered/utilized by the department in time. The Committee was not satisfied with accounting system of the Ministry and re-emphasized timely surrender of savings.

AUDIT REPORT (CIVIL WORKS) (VOL. II—1986-87)

523. *Special Audit Report on the Construction of 512 flats Category V in Sector G-10/3, Islamabaed (Paras 7.1.1 to 7.5.2, pages 60—66—ARCW).*—Audit reported that the need for construction of 3000 flats was visualized in 1980 to ease the residential problems of the Federal Government servants at Islamabad. Work on the project was to be executed in phases. It was decided that 752 flats of category V would be constructed in first phase. Audit report covered construction of 512 category V flats out of the 752 flats. Initially tenders for the construction of 376 flats of category V were called by Pak. PWD in June, 1982. M/s. National Construction and Engineers, Karachi were the first lowest firm as they offered the rate of 158.25% above the Pak. PWD schedule of rates 1973 *i.e.* Rs. 81,000 per flat. Their offer was not approved. In 1982, it was decided to award the consrtuction of 512 flats to M/s. National Construction Company Limited, on negotiation basis. This decision was based on Company's proposal to execute the work on 'Turn Key' basis by adopting a new French technology "System Build Housing". It was expected that introduction of the new technology would save both time and money. M/s. NCL agreed to complete the work at a rate of Rs. 93,000/per flat. During execution the actual cost per flat rose to Rs. 104,000 and the completion period of 18 months increased to 37 months. The quality of work was also viewed as sub-standard by the residents.

524. The departmental representative informed the Committee that the contract was awarded to NCL in pursuance of a government decision in which emphasis was on acquisition of a new technology and as such the earlier rates on conventional system became redundant. The completion work was delayed due to circumstances beyond the control of the contractor as well as the department and extention was granted by competent authority. Most of the defects had been removed by NCL. Since the houses had been occupied by allottees, the remainng defects would be removed at the convenience of the allottees. The Committee was not satisfied with the departmental explanation and directed the Principal Accounting Officer to tighten up control of the Works Department.

525. *Undue financial aid of Rs. 200,000 by refunding security deposit before completion of work (Para 8.5, pages 76-77—ARCW).*—Audit reported that in a case in which security deposit amounting

to Rs. 672,110 should have been available at the time of finalization of a contractors account, only Rs. 187,695 were available although the final bill of the contractor had turned into a minus bills of Rs. 676,531, Consequently, after adjustment of available security deposit a sum of Rs. 484,415 was still recoverable from the contractor. The departmental representative agreed that security deposits of the contractor should not have been released until finalization of the accounts. Action to effect recovery from contractor had since been initiated and disciplinary action against officers/officials was in progress. The Committee directed that the result of disciplinary action initiated by the Principal Accounting Officer be communicated in the next meeting.

526. *Expenditure incurred on works in anticipation of Technical Sanction (Para 8.8, page 78—ARCW).*—Audit informed the Committee that expenditure of Rs. 641.724 million was incurred by the department on 863 works without technical sanctions. The departmental representative informed the Committee that technical sanctions had since been given in all cases. The Committee advised that in future the work on projects should not be started without prior technical sanction. Otherwise strict notice would be taken by the Committee.

Estate Offices

527. *Non-recovery of rent of Rs. 51,665 (Para 9.2, page 81—ARCW).*—Audit informed that an *Ex*-Minister of State retained a house for eleven months after relinquishing charge of the post. The Ministry explained that the case pertained to Dr. Naseeruddin Jogezai, *Ex*-Minister of State and the house should have been dehired by the Estate Office, but he was allowed to retain the house by the then President. He had not paid the rent of the said period despite repeated requests. The Committee directed that rent be recovered from *Ex*-Minister of State.

General

528. During discussion of the para, a Member observed that 15 days provided to a Minister to vacate official accommodation were apparently inadequate and the Works Division might consider enhancing the time limit to 3 months. The Committee endorsed the suggestion.

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

530. The Committee then adjourned to meet again at 10.00 A.M. on Monday, the 12th March, 1990.

Islamabad, the 10th December, 1992.

KHAN AHMAD GORAYA,
Secretary General.

NATIONAL ASSEMBLY SECRETARIAT

Monday, the 12th March, 1990.
Eleventh Sitting (PAC)

531. The Public Accounts Committee assembled at 10.00 A.M. in Committee Room No. 2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1986-87. The following members attended the meeting:—

Public Accounts Committee:

1.	Mr. Hakim Ali Zardari, MNA.	*Chairman.*
2.	Dr. Mehboob-ur-Rehman, Minister of State for Food and Agriculture.	*Member.*
3.	Syed Parvez Ali Shah Jillani, Minister of State for Youth Affairs.	*Member.*
4.	Sardar Ashiq Muhammad Khan Mazari, MNA.	*Member.*
5.	Mr. Ihsan-ul-Haq Piracha, Minister of State for Finance.	Ex-Officio *Member.*

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Secretary.
2. Mr. Arif Mansur, Deputy Secretary (PAC).
3. Mr. Mulazim Hussain Kazmi, Officer on Special Duty (PAC).

Audit:

1. Syed Iftikhar Shabbir, Deputy Auditor-General (GA).
2. Mr. M.A. Lodhi, Deputy Auditor-General (CA&E).
3. Mr. A.A. Zaidi, Director General (GA).
4. Sh. Muhammad Sadiq, Accountant General Pakistan Revenue.
5. Mr. Mansoor Ali Sheikh, Director General (GA).
6. Mr. Zulqarnain Qureshi, Director General Audit (Federal Govt.)
7. Mr. S.T. Rehman, Director General Audit and Accounts Works.

Ministry of Finance and Planning and Development Division:

1. Mr. Khalid Durrani, Joint Secretary (Projects). Planning and Development Division.
2. Mr. Ahmad Shamsul Huda, FA (Kashmir Affairs and Northern Affairs).

532. *Accounts Examined.*—Accounts pertaining to the Kashmir Affairs and Northern Affairs Division were examined by the Committee during the meeting.

KASHMIR AFFAIRS AND NORTHERN AFFAIRS DIVISION

533. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Kashmir Affairs and Northern Affairs Division. The following departmental representatives were present:—

1. Mr. Safdar Hussain Kazmi, Secretary.
2. Mr. Wazir Farman Ali, Joint Secretary.
3. Mr. M. Afzal Aziz, Accounts Officer.

4. Mr. Qurban Jan, Secretary Finance (NA Gilgit).
5. Ch. Zafrullah, Director (Civil Supplies/Transport).
6. Mr. Zafar Iqbal, Manager (NATCO).
7. Col. Abdul Aziz, Director Education (NA).
8. Mr. Riaz Ahmad, Chief Engineer (NA) (PPWD).

534. This Division controlled the following grants:

S. No.	Name of Grant	Grant No.
1.	Kashmir Affairs and Northern Affairs Division.	125
2.	Northern Areas.	126
3.	Federal Government Educational Institutions in Northern Areas.	127
4.	Other Expenditure of Kashmir Affairs and Northern Affairs Division.	128
5.	Capital Outlay on Purchases by Kashmir Affairs and Northern Affairs Division.	133
6.	Development Expenditure of Kahsmir Affairs and Northern Affairs Division.	172

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1986-87)

535. *Grant No. 125—Kashmir Affairs and Northern Affairs Division (Page 332—AA).*—The department surrendered Rs. 407,550 in anticipation of the savings. No comments were offered by the Committee.

(i) *Grant No. 126—Northern Areas (Page 333—AA).—*

(ii) *Grant No. 127—Federal Government Educational Institutions in Northern Areas (Page 334—AA).—*

536. *Audit reported that Rs. 104,155 were surrendered levaing a net saving of Rs. 2,119,140 (Grant No. 126).*—The savings of Rs. 574,979 were not surrendered by the department (Grant No. 127). The Principal Accounting Officer informed the Committee that a new system which was expected to substantially improve financial management was being introduced in the Northern Areas. On this assurance, the Committee made no observation on these grants.

537. *Grant No. 128—Other Expenditure of Kashmir Affairs and Northern Affairs Division (Page 335—AA).*—The grant closed with an excess of Rs. 118,940,328. The Committee observed that, although, the explanation that the excess related to consumption of wheat in Northern Areas had merit, the manner in which the wheat quota for the Northern Areas was being assessed and budgeted was not satisfactory. An improved procedure was advised to be adopted by the Kashmir Affairs and Northern Affairs Division and Finance Division to ensure that a legitimate requirement does not get reflected as an excess over authorization. The Committee recommended regularisation of excess through Excess Budget Statement.

538. *Grant No. 133—Capital Outlay on Purchases by Kashmir Affairs and Northern Affairs Division (Page 336—AA).*—Audit reported that the department had not surrendered the saving of Rs. 1,961,908. Viewing the departmental explanation as unsatisfactory. The Committee warned the Principal Accounting Officer to be more careful in future.

539. *Grant No. 172—Development Expenditure of Kashmir Affairs and Northern Affairs Division (Page 339—AA).*—Audit informed the Committee that the department had not surrendered the saving of Rs. 36,730,241. In view of lack of reconciliation between Audit and department, the Committee advised that actual savings against the grant be verified and communicated to the Committee.

AUDIT REPORT (CIVIL) (VOL. I—1986-87)

540. *Performance Audit Report on Northern Areas Transport Corporation (NATCO) (Paras 1.1 to 2.17.10, pages 275—282—AR).*—Audit reported that Northern Areas Transport Corporation (NATCO) was established in March, 1974 with a capital of Rs. 2.5 million. The Corporation succeeded in establishing and operating a road transport system for transportation of passengers and goods between Northern Areas and other parts of the country. However, the Corporation suffered persistent losses throughout its life. Its total losses during 1974—85 amounted to Rs. 23.675 million. The losses were mainly due to management weaknesses and operational inefficiencies.

541. The Ministry generally accepted the view-point of Audit on the inadequacies and inefficiencies prevalent in the Corporation which resulted in persistent losses. They indicated that remedial action was being taken to redress the losses in the light of recommendations of Audit. The Committee advised the Principal Accounting Officer to give personal attention to the matter and take necessary steps to improve financial performance.

AUDIT REPORT (CIVIL WORKS) (VOL. II—1986-87)

Northern Area Public Works Department

542. *Non-recovery of electricity charges—Rs. 2,417,798 (Para 10.1 (1 & 2), page 84—ARCW].*—Audit reported outstanding recovery of electricity charges supplied by two Divisions of Northern Area PWD. While reviewing the revenue position from various electricity generation schemes, the Committee sought information about the handling of development expenditure in the field of electricity generation. The Committee was informed that 23 generators of Chinese origin were available but adequate funds required to undertake development work necessary to install the generators had not been provided. At the same time, a scheme for purchase of an additional 32 generators, to be produced by Heavy Mechanical Complex, had gone through various stages of approval.

543. The Committee viewed this situation with concern. It noted that there was no justification for effecting the fresh purchase when 23 generators were already available. The real problem was to make funds available for installation of available generators. The Committee observed that efforts should be made on priority basis to install available generators and the new scheme should be shelved.

544. *Irregular purchase of a jeep—Rs. 285,000 (Para 10.5, page 86—ARCW).*—Audit reported purchase without sanction and prior approval of Cabinet Division of a jeep was at a cost of Rs. 285,000 in January, 1986. The Ministry insisted that provision for the purchase of jeep was included in PC-I of the relevant scheme and as further sanction. The Committee upheld audit's point of view and advised the Principal Accounting Officer to call for the explanation of the officer who authorized the purchase.

545. *Loss of Rs. 610,800—Non-receipt of cement (Para 10.6, page 87—ARCW).*—Audit reported short receipt of 324.70 tons of cement worth Rs. 610,800 from a carriage contractor. The department informed that recovery of 160,300 is being made from 6th running bill and balance of Rs. 480,800 would be recovered through a civil suit. The Committee advised the Principal Accounting Officer to pursue the recovery and report in the next meeting.

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

547. The Committee then adjourned to meet again at 10.00 A.M. on Tuesday, the 13th March, 1990.

Islamabad, the 10th December, 1992.

KHAN AHMAD GORAYA,
Secretary General.

NATIONAL ASSEMBLY SECRETARIAT

Tuesday, the 13th March, 1990.
Twelfth Sitting (PAC)

548. The Public Accounts Committee assembled at 10.00 A.M. in Committee Room No. 2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1986-87. The following members attended the meeting:—

Public Accounts Committee:

1.	Mr. Hakim Ali Zardari, MNA.	*Chairman*
2.	Dr. Mehboob-ur-Rehman, Minister of State for Food and Agriculture.	*Member*
3.	Syed Parvez Ali Shah Jillani, Minister of State for Youth Affairs.	*Member*
4.	Sardar Ashiq Muhammad Khan Mazari, MNA.	*Member*
5.	Mr. Ihsan-ul-Haq Piracha, Minister of State for Finance.	Ex-Officio *Member*

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Secretary.
2. Mr. Arif Mansur, Deputy Secretary (PAC).
3. Mr. Mulazim Hussain Kazmi, Officer on Special Duty (PAC).

Audit:

1. Syed Iftikhar Shabbir, Deputy Auditor-General (GA).
2. Mr. M.A. Lodhi, Deputy Auditor-General (CA&E).
3. Sh. Muhammad Sadiq, Accountant General Pakistan Revenue.
4. Mr. Mansoor Ali Sheikh, Director General (GA).
5. Mr. Zulqarnain Qureshi, Director General Audit (Federal Govt.)
6. Mr. Fazlur Rehman, Director General (CA).
7. Mr. S.T. Rehman, Director General, Audit and Accounts Works.
8. Mr. A. R. Arif, Director General, Audit (WAPDA).

Ministry of Finance:

1. Mr. Muhammad Ismail Maarif, FA (Health, Special Education and Social Welfare).
2. Mr. Muhammad Rafiq Asghar, FA (WAPDA).

549. *Accounts Examined.*—Accounts pertaining to the following Ministry/Divisions were examined by the Committee during the meeting:—

1. Health Division.
2. Special Education and Social Welfare Division.
3. Ministry of Water and Power (Including deferred paras for 1985-86).

HEALTH DIVISION

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

1. Mr. Sadiq Sayeed Khan, Secretary.
2. Mr. Aftab-ul-Hasan Naqvi, Joint Secretary (Admn).

3. Mr. Muhammad Yusuf Khan, Deputy Secretary (B&I).
4. Mr. Mehr Khan, Section Officer (F&A).
5. Prof. Dr. Ali Muhammad Ansari, Director General (Health).
6. Dr. Zafar Ahmad, Deputy Director General (Health).
7. Dr. Syed Mohsin Ali, Director (JPMC).
8. Ch. A.A. Mujahid Director (Malaria Control).
9. Dr. Abdul Ghafoor, Executive Director (NIH).
10. Dr. Bashir Ahmad Naru, MS (FGSH).

551. This Division controlled the following grants:

S. No.	Name of Grant	Grant No.
1.	Health Division.	66
2.	Medical Services.	67
3.	Public Health.	68
4.	Development Expenditure of Health Division.	156

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1986-87)

552. *Grant No. 66—Health Division (Page 190—AA).*—Rs. 940,000 were surrendered leaving a net saving of Rs. 374,283. No comments were offered by the Committee.

553. *Grant No. 67—Medical Services (Page 191—AA).*—Audit reported that Rs. 3,168,700 were surrendered, leaving a net saving of Rs. 7,191,948. The departmental representative explained that the amount could not be utilized/surrendered because some technical posts were vacant and suitable candidate were not available. The Committee was not satisfied with the explanation given for the saving against the grant. It advised the Principal Accounting Officer to ensure that available funds were utilized in future.

554. *Grant No. 68—Public Health (Page 192—AA).*—The department had surrendered Rs. 2,341,800 leaving a net saving of Rs. 1,027,420. The departmental representative explained that savings were due to less expenditure on liveries, uniforms, miscellaneous contingencies and purchase of durable goods. The Finance Division had imposed ban on these purchases. The Committee made no observation on the grant.

555. *Grant No. 156—Development Expenditure of Health Division (Page 197—AA).*—Rs. 120,364,620 were surrendered against saving of Rs. 83,700,315. The Committee advised the Principal Accounting Officer to ensure immediate reconciliation of accounts and improve the budgeting/expenditure control of the Division.

AUDIT REPORT (CIVIL) (VOL. I—1986-87)

(i) *Shortage of cash amounting to Rs. 82,811 (Para 2, page 141—AR).*—
(ii) *Theft and Embezzlement of Rs. 737,974 (Para 3, page 141—AR).*—

556. Audit reported shortage of cash of Rs. 82,811 and theft, embezzlement of Rs. 737,974 by a cashier of Jinnah Postgraduate Medical Centre, Karachi in between Ist-2nd June, 1986. The cashier found responsible for the shortage was suspended from 12-7-1986 in connection with the theft case. He was charge sheeted in October, 1986. He filed a suit in Sind High Court that he had been declared invalid

by the Medical Board on 24-6-1986 and was no longer in service. The departmental representative explained that the case was investigated by police and CIA but without any result. The Committee observed that the official's pension could be ceased till such time that he settles the embezzled accounts.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII—1986-87)

Biological Production Division, National Institute of Health

557. *Operational results of BPD (NIH) (Paras 174—177, page 159—ARPSE).*—Audit pointed out that National Institute of Health had sustained a net loss of Rs. 0.413 million in 1987-88 against net profit of Rs. 2.572 million in 1986-87. The Institute could not maintain its profitability during 1987-88 due to a 24% increase in cost of production. The closing stock of finished goods also increased to Rs. 7.676 million during 1987-88 as against Rs. 5.328 million in 1986-87. The departmental representative explained that the production of Vaccines and Sera should not be viewed as profitable items. Rather these were life saving products and were sold to government controlled agencies on "no profit no loss basis". Their prices were fixed by government and NIH was not operating on commercial basis.

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

SPECIAL EDUCATION AND SOCIAL WELFARE DIVISION

559. The Committee took up for its examination the Appropriation Accounts etc. pertaining to the Special Education and Social Welfare Division. The following departmental representatives were present:—

1. Mr. Sadiq Sayeed Khan, Secretary.
2. Mr. M.S. Kazmi, Joint Secretary.
3. Mrs. Zoya Khoso, Section Officer (B&C).
4. Mr. Munawar Khan, Section Officer (F&A).
5. Mr. Mubashir Hussain, Director (Finance) (NTCDP).
6. Dr. Laeeq Mirza, Principal (NISE).

560. This Division controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Special Education and Social Welfare Division.	69
2.	Other Expenditure of Social Welfare.	70
3.	Special Education.	71
4.	Other Expenditure of Special Education.	72
5.	Development Expenditure of Social Welfare.	157
6.	Development Expenditure of Special Education	158

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1986-87)

561. *Grant No. 69—Special Education and Social Welfare Division (Page 193—AA).*—Rs. 625,230 were surrendered by the department against saving of Rs. 611,537. No comments were offered by the Committee.

562. *Grant No. 70—Other Expenditure of Social Welfare (Page 194—AA).*—The grant closed with Nil saving.

563. *Grant No. 71—Special Education (Page 195—AA).*—Audit reported that Rs. 1,267,000 were surrendered against saving of Rs. 1,221,804. No comments were offered by the Committee.

564. *Grant No. 72—Other Expenditure of Special Education (Page 196—AA).*—Rs. 583,000 were surrendered against anticipated saving of Rs. 33,000. The Committee made no observation.

565. *Grant No. 157—Development Expenditure of Social Welfare (Page 199—AA).*—Rs. 4,000,466, were surrendered leaving a net saving of Rs. 228,500. No comments were offered by the Committee.

566. *Grant No. 158—Development Expenditure of Special Education (Page 200—AA).*—Audit reported that the department had surrendered an amount of Rs. 8,377,956 leaving a net saving of Rs. 14,079,993. The departmental representative explained that savings occurred because trained and qualified persons in the field of Special Education were not available and many posts remained vacant while the Finance Division had imposed ban on purchase of durable goods. The Committee did not find the justification for the saving acceptable and advised the Principal Accounting Officer to improve budgetary control. Prompt reconciliation of accounts was also advised.

567. *Points not discussed to be treated as settled:*—The Committee did not make any observation on other points/paras in Audit Report pertaining to the Special Education and Social Welfare Division. These would be treated as settled subject to any action as may be necessary under the rules.

MINISTRY OF WATER AND POWER

568. The Committee last took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Ministry of Water and Power. The following departmental representatives were present:—

1. Mr. Abdur Rahim Mahsud, Secretary.
2. Maj. Gen. (Retd) Agha Manzoor Rauf, Additional Secretary.
3. Mr. Muhammad Afzal Malik, Deputy Secretary.
4. Mr. Muhammad Shoaib, C&A.O.
5. Lt. Gen. Zahid Ali Akbar, Chairman (WAPDA).
6. Mr. Shamsul Mulk, Member Water (WAPDA).
7. Mr. Sultan Hameed, Member Finance (WAPDA).
8. Mr. M.S. Amjad, Chief Auditor (WAPDA).
9. Mr. Asif H. Kazi, Chief Engineering Adviser (WAPDA).
10. Mr. A.N. Jokhio, Managing Director (NTCC).
11. Mr. Muhammad Wasim Khan, Managing Director (D) (WAPDA).
12 Mr. Daud Baig, Additional Secretary (Power).
13. Mr. Bashir A. Chaudhry, Managing Director (KESC).
14. Mr. Abdul Rahim, Pakistan Commissioner for Indus Waters (WAPDA).

569. This Ministry controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Ministry of Water and Power.	129
2.	Development Expenditure of Ministry of Water and Power.	173
3.	Capital Outlay on Irrigation and Electricity.	194

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1986-87)

570. *Grant No. 129—Ministry of Water and Power (Page 344—AA).*—Rs. 2,222,709 were surrendered, reducing the saving of Rs. 2,326,829 to Rs. 104,120. No comments were offered by the Committee.

571. *Grant No. 173—Development Expenditure of Ministry of Water and Power (Page 345—AA).*—Audit reported that Rs. 232,508,000 were surrendered, leaving a net saving of Rs. 81,095,236. The Ministry explained that the saving were mainly due to non release of funds for the 4th quarter. Savings also related to flood protection and rehabilitation schemes. The Committee advised timely surrender of savings, in future.

572. *Grant No. 194—Capital Outlay on Irrigation and Electricity (Page 346—AA).*—Audit reported an excess of Rs. 19,682,645 due to late adjustment of debit for 1984-85 and 1985-86 in the accounts of the year. The Committee accepted the explanation and recommended regularization through Excess Budget Statement.

AUDIT REPORT (CIVIL WORKS) (VOL. II—1986-87)

National Tubewell Construction Corporation (Pvt.) Limited

573. *Mis-appropriation of material worth Rs. 50,380 (Para 11.2 (i), pages 88-89—ARCW).*—Audit reported mis-appropriation of material worth Rs. 50,380 on account of 4580 cft gravel issued for construction of tubewells in July, 1985 although the work had already been completed by June, 1985. The gravel was received at site and used in the work but its accounting in the books could not been made for want of bills of the supplier which were received on 1-7-1985. No documentary evidence had been produced in support of consumption of the gravel despite repeated requests made by Audit. The Committee agreed with Audit's observation and advised the Principal Accounting Officer to ensure that steps were taken to prevent such mis-appropriations.

General discussion on NTCC

574. During discussion on the accounts of NTCC, the Committee observed that most of the tubewells installed in Sind by WAPDA were inoperative. The departmental representative agreed with the observation and explained that the provincial governments did not have enough funds to maintain the tubewells handed over to them. The Committee viewed this with concern and observed that the problem of water logging was acquiring serious proportion. Non-allocation of adequate resources at this stage would have grave repercussions for the future when yield of productive land would drop dramatically resulting in huge national losses. The representative of Ministry of Finance undertook to convey the Committee's views to the Additional Secretary (Budget).

AUDIT REPORT (WAPDA) (VOL. VII—1986-87)

Serious Irregularities

575. *Loss of Rs. 10,538,000 due to acceptance of the 2nd lowest bid (Para 2, pages 4-5-AR-WAPDA).*—Audit reported that WAPDA sustained a loss of Rs. 10.538 million due to awarding work of furnishing, delivering and stock-piling gravel to the second lowest bidder of Rs. 57.460 million by ignoring the lowest bid of Rs. 46.922. The decision was stated to have been taken on the recommendations of the Consulting Engineers who considered the equipment available with the lowest bidder as in adequate, although the contractor who gave the lowest bid, was prequalified by WAPDA. Even the second lowest bidder did not possess all the equipment and hired six dumpers and three loaders from WAPDA on rental basis. The same facility could also be extended to the lowest bidder. The decision to award the contract to the second lowest bidder was not justified.

576. The departmental representative explained that under the contract awarding procedure of WAPDA awarded after the approval of World Bank. The contractor who gave very low rates did not possess essential crushing and screening equipments, which have could caused delay in completion of project. Therefore, the next lowest bidder was awarded contract. The Committee was also informed that contractor was first Pakistani who had completed the project before schedule. The contract under review had been completed at a much lower cost than what WAPDA had estimated. The Committee observed that there were obvious shortcomings in prequalification of contractors and directed WAPDA to improve its estimation of contracts and prequalification procedures.

577. *Abnormal delay in preparation of goods received notes for payment amounting to Rs. 14,056,360 (Para 4, pages 6-7-AR-WAPDA).*—Audit reported that payment of Rs. 14,056,360 representing 80% of the total cost was made on production of delivery challans and inspection certificates etc. to firms for supply of transformers to WAPDA stores at Rawalpindi and Nowshera. It was observed that as compared to the dates given in the delivery challans, the Goods Received Notes (GRN) had been issued very late *i.e.* after a period of 3 to 9 months. The issuance of GRN at such a belated stage was fraught with the risk of making huge payments without having actually received the supplies. The Authority had earlier stated in July, 1989 that Chairman of the respective Area Electricity Board had been asked to conduct investigation in the matter. It was promised to take remedial action in the light of their reports.

578. On further enquiry the Authority stated in February, 1990 that no investigation was carried out by Chairman, Area Electricity Board, Peshawar and that the inquiry report of Chairman, Area Electricity Board, Islamabad was not accepted being irrelevant to the issues involved. Audit therefore, stressed need of ascertaining reasons for delayed issue of GRN's and for taking remedial measures to prevent recurrence of such incidents in future.

579. The departmental representative admitted abnormal delay in issuing of GRN's. Physically it was not possible to lift all the transformers and put them in stores at different locations on the same day. However, the manufacturers insist on early payment. The Committee agreed with Audit that delay of 3 to 9 months was abnormal and advised the Principal Accounting Officer to investigate the matter and take action against those found responsible.

580. *Loss of Rs. 711,936 due to commissioning of lines without grouting of structures (Para 8, page 10-AR-WAPDA).*—Audit reported that Authority sustained a loss of Rs. 711,936 in the form of expenditure incurred on re-erection of distribution lines which had collapsed in July, 1983 within a few months of erection due to energizing them without required grouting of structures. An inquiry Committee was asked to investigate the matter and fix responsibility. The Committee concluded that the lines collapsed due to non grouting of structures but did not fix responsibility on any one. At the instance of Audit a high level Committee was constituted in June, 1989. The Committee also found that the lines had fallen due to non grouting of structures, held certain officials fully responsible for the loss and proposed another inquiry to probe certain additional aspects.

581. The Ministry admitted that previous inquiry was totally bogus and false and the Authority had ordered fresh inquiry. The Committee agreed with the Principal Accounting Officer that there was a need to conduct a fresh inquiry which should also determine as to how the first inquiry had failed to fix responsibility. The Committee advised strict action even if the responsible official had proceeded on retirement. The result of the inquiry was advised to be submitted to PAC within 2 months.

582. *Irregular expenditure of Rs. 28.25 million on construction of a building at Peshawar (Para 11, pages 12-13-AR-WAPDA).*—Audit reported that against the provisions made in the PC-I of Chashma Right Bank Canal and Mardan Scarp Projects, an expenditure amounting to Rs. 28.25 million was incurred on the construction of a four storey building at Peshawar. The expenditure was irregular as the building was not a part of the projects. Further the cost of building exceeded the limit of Rs. 20 million for which a separate sanction of the ECNEC was required.

583. The departmental representative informed the Committee that building was constructed for better co-ordination of the two projects and the approval of ECNEC was also not required because the excess expenditure was within the limit of 15%. The Committee did not find the justification for construction of G.M. Office Building convincing. It advised that the Authority should ensure that the emphasis of developmental funds remained on development. Construction of major buildings by diverting resources from development activity should be discouraged.

584. *Excess payment of Rs. 176,813 on acquisition of land (Para 12, pages 13-14-AR-WAPDA).*—Audit informed the Committee that land measuring 2005 Kanals and 3 Marlas was acquired by WAPDA for Gas Turbine Power Station, Kot Addu. Out of this, an area of 20 Kanals and 10 Marlas was not useable, but compensation was paid all the same. The Authority stated that as a result of an inquiry, an area of 5.27 Kanals had been taken-over from the revenue authorities and action to take over the balance 15.25 Kanals was under way. An assurance was provided by Chairman WAPDA that the remaining 15 Kanals would be acquired by the Authority. The para was settled subject to verification by Audit.

Recurring Irregularities

(i) *Less recovery of capital cost from consumers—Rs. 2,090,481 (Para 22, pages 25-26-AR-WAPDA)—*

(ii) *Non-recovery of cost/repair charges of damaged/burnt transformers Rs. 766,008 (Para 23, pages 27-28-AR-WAPDA)—*

(iii) *Non-recovery of cost of defective/burnt meters—Rs. 252,029 (Para 24, pages 28-29-AR-WAPDA)—*

(iv) *Non-accountal of material—Rs. 9,406,349 (Para 26, pages 32-33-AR-WAPDA)—*

585. Audit pointed out non-recovery of Rs. 3,108,518 against the consumers in paras 22 to 24. Recovery of Rs. 2,239,825 had been effected by the Authority and verified by Audit. Recovery of the remaining amount was in process. Audit also pointed out non-accounting of material valuing Rs. 9,406,349 in 14 cases in para 26 above. Accounting of material worth Rs. 6,201,368 had been verified by Audit. The Committee advised the Chairman WAPDA to attend to the recurring irregularities and sort out the problems with Audit. It was also directed that in case of failure, action should not be confined to lower officials but the concerned S.D.Os/XENs should also be held responsible.

Comments on Balance Sheets as on 30-6-1987

586. *Energy debtors—Rs. 2,842,277,000 (Para 29.1, pages 37-38-AR-WAPDA).*—Audit brought to the notice of the Committee that large amounts were outstanding against various energy debtors and Government agencies. The same observation was taken up by Audit in the previous Audit Reports and were examined by the PAC which had advised that recoveries be expedited. In the light of one such directive given by the PAC in its meeting held on 18-2-1988, a Committee was set up to examine the system of billing and recovery. The Committee had held various meetings but final action in the light of the decisions taken was awaited.

587. The Committee expressed serious concern about the level of outstanding payments. It observed that the magnitude of the problem had defied recommendations of the Committee and high level efforts undertaken by Chairman WAPDA. The important dimensions of the problem were:—

(i) Ministry of Water and Power was trying to get additional resources to alleviate the crisis in the energy sector.

(ii) Various agencies/provincial governments owed WAPDA almost Rs. 4 billion. Payment of these dues could make WAPDA a much healthier organization less dependent on Federal funds.

(iii) Annual allocations in the budget were made each year to various agencies/departments. Non-payment of energy bills indicated that the allocated funds were diverted by these agencies to other activities in contravention of approved appropriations.

(iv) Inability to recover dues adversely affects WAPDA/KESC credit worthiness before international donor agencies. This problem was already having serious consequence in the case of KESC.

After considerable discussion, the Committee concluded that at source deductions were the only feasible option. A firm decision needed to be taken to clear the mess. The Committee advised that the Ministry of Finance be instructed to ensure that annual allocations (both Federal & Provincial) in the next budget against the relevant grants are diverted to WAPDA at source.

PERFORMANCE EVALUATION OF PUBLIC ENTERPRISES (VOL. IX-B—1988)

588. *Performance Evaluation Report on Karachi Electric Supply Corporation Limited (Paras 1.1 to 9.4, pages 45—81-Perf/Eval/Report Vol-IX-B-1988).*—Audit while presenting Performance Evaluation Report to the PAC informed that the Karachi Electric Supply Corporation Limited (KESC) was established in 1913 to supply electricity to the then tiny city of Karachi. At present KESC was supplying electrical energy to Karachi city as well to industrial areas of Thatta and Lasbella. With the expansion of Karachi city and rapid industrial development, the demand of electricity had increased tremendously. The Government of Pakistan took over control of managing agency of KESC in 1952 by purchasing its entire share capital.

589. Audit had found that KESC was financially sound with sales touching Rs. 4.7 billion in 1987-88. By earning persistent profits, massive reserves of Rs. 2.8 billion had been built up, in spite of which the Corporation was faced with serious liquidity problems which mainly resulted from huge energy dues recoverable from Government Departments, civic bodies and private parties, amounting to Rs. 1.3 billion as on 30-6-1988.

590. KESC's distribution and transmission system was old and overloaded in some areas which was the main cause of voltage fluctuations and breakdowns.

591. The departmental representative explained that efforts were underway to improve the areas highlighted by Audit in the Performance Report. The Committee was informed that KESC was not likely to resort to load shedding during next four to five years. The main problem of the Corporation was the replacement of 20-year old infrastructure, which would be replaced within two to three years with the help of loan from Asian Development Bank.

592. The Committee was further informed that it had been expected that industrial expansion in Karachi by about 11 to 12% but due to law and order situation in the city it increased only 3 to 4%. The excess generation was being utilized another areas through national grid. Before concluding the discussion on the report, the Chairman WAPDA requested the Committee to extend its earlier directive (Para 29.1-AR-WAPDA), issued to the Ministry of Finance, regarding deductions of amount of bills from gross budget allocations of a year in case of WAPDA bills to KESC also. The Committee agreed to it.

DEFERRED PARAS FOR 1985-86

AUDIT REPORT (WAPDA) (VOL. VII—1985-86)

(i) *Irregular reimbursement of Rs. 1,323,803 on account of customs Duties and Sales Tax (Para 3.1, pages 14-15-AR-WAPDA).—*

(ii) *Irregular reimbursement of Rs. 514,310 on account of electricity charges consumed by Pakistani employees of Consultants (Para 3.3, pages 15-16-AR-WAPDA).—*

593. The Committee decided to settle the above paras.

(i) *Double payment of Rs. 893,477 to the contractor on account of reimbursement of Custom Duty and Sales Tax (Para 3.2, page 15-AR-WAPDA).—*

(ii) *Irregular purchase of material amounting to Rs. 2,380,000 (Para 4.1, page 19-AR-WAPDA).—*

(iii) *Non-encashment of Performance Bond worth Rs. 15,600 (Para 4.2, pages 19-20-AR-WAPDA).—*

(iv) *Non-recovery of capital cost from agricultural tubewell consumers—Rs. 325,492 (Operation Division, No. I, Islamabad and Bannu) (Para 6.3 (v) (vi), pages 22-25-AR-WAPDA)—*

(v) *Non-recovery of Rs. 385,325 from an industrial consumer (Para 7.2, pages 32-AR-WAPDA).—*

(vi) *Loss of Rs. 14,078 due to missing account number at the time of routification (Para 7.5, pages 33-34-AR-WAPDA).—*

(vii) *Less recovery of fixed charges from an industrial consumer (Para 7.6, page 34-AR-WAPDA).—*

594. The Committee decided that the above paras might treated as settled subject to verification by Audit.

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

596. The Committee then adjourned to meet again at 10.00 A.M. on Thursday, the 15th March, 1990.

Islamabad, the 10th December, 1992.

KHAN AHMAD GORAYA,
Secretary General.

NATIONAL ASSEMBLY SECRETARIAT

Thursday, the 15th March, 1990.

Thirteenth Sitting (PAC)

597. The Public Accounts Committee assembled at 10.00 A.M. in Committee Room No. 2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1986-87. The following members attended the meeting:—

Public Accounts Committee:

1.	Mr. Hakim Ali Zardari, MNA.	*Chairman.*
2.	Dr. Mehboob-ur-Rehman, Minister of State for Food and Agriculture.	*Member.*
3.	Syed Parvez Ali Shah Jillani, Minister of State for Youth Affairs.	*Member.*
4.	Sardar Ashiq Muhammad Khan Mazari, MNA.	*Member.*
5.	Mr. Ihsan-ul-Haq Piracha, Minister of State for Finance.	Ex-Officio *Member.*

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Secretary.
2. Mr. Arif Mansur, Deputy Secretary (PAC).
3. Mr. Mulazim Hussain Kazmi, Officer on Special Duty (PAC).

Audit:

1. Syed Iftikhar Shabbir, Deputy Auditor-General (GA).
2. Mr. M.A. Lodhi, Deputy Auditor-General (CA&E).
3. Sh. Muhammad Sadiq, Accountant General Pakistan Revenue.
4. Mr. Mansoor Ali Sheikh, Director General (GA).
5. Mr. Fazl-ur-Rehman, Director General (CA).
6. Mr. S. T. Rehman, Director General, Audit and Accounts Works.
7. Mr. Mueen Aftab Sheikh, Director General (Defence Audit).

Ministry of Finance:

1. Syed Samsamul Haq, Joint Secretary.
2. Mr. Ghazanfarullah Khan, FA (Budget) (Military Finance).
3. Mr. Muhammad Hanif Malik, FA (Regs and Civil Aviation).
4. Mr. Khurshid-ul-Hasan Razvi, FA (Army).
5. Mr. Saleem Bahadur Khan, FA (Air Force).
6. Ch. Muhammad Ilyas, FA (Navy).

598. *Accounts Examined.*—Accounts pertaining to the following Divisions were examined by the Committee during the meeting :—

1. Aviation Division.
2. Defence Division.

AVIATION DIVISION

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

1. Syed Salim Abbas Jilani, Secretary.
2. Mr. Khalid Mahmood Ahmed, Joint Secretary.
3. Mr. Nasim Iqbal, Deputy Secretary.
4. Mr. Muhammad Arif Mirza, Finance and Accounts Officer.
5. Mr. Arif Ali Khan Abbasi, Managing Director (PIAC).
6. Mr. A.S. Tabani, General Manager (Accounting) (PIAC).
7. Mr. Yasub Ahmed, Managing Director (ADA).
8. AVM M. Yunus Khan, Director General (CAA).
9. Mr. Shafqatullah, General Manager (Audit) (CAA).
10. Malik F.M. Qasim, Director General (MS).
11. Gp. Capt. M. Ismail Khan, Director (Admn.) (PIA Holding).
12. Mr. Amjad Riaz, Financial Analyst (PIA Holding).
13. Mr. M.A. Majeed, Finance Manager (PIA Holding).
14. Brig. Munib-ur-Rehman Farooqi, Force Commander (ASF).
15. Col. S.J.H. Naqvi, Director (Projects) (CAA).

600. This Division controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Aviation Division.	29
2.	Meteorology.	31
3.	Development Expenditure of Aviation Division.	147
4.	Capital Outlay on Civil Aviation and other Works of Ministry of Defence	181

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I — 1986-87)

601. *Grant No. 29—Ministry of Defence (Page—92—AA).*—Audit reported that Rs. 11,208,927 were surrendered against anticipated savings of Rs. 9,808,268 by Aviation Division. No comments were offered by the Committee.

602. *Grant No. 31—Meteorology (Page 94—AA).*—After surrender of Rs. 6,923,729, there was a net saving of Rs. 2,153,955. The departmental representative explained that the amount could not be surrendered due to some unforeseen circumstances and late receipt of debit from AGPR. The Committee directed timely surrender of savings in future.

603. *Grant No. 147—Development Expenditure of Ministry of Defence (Pages 97-98—AA).*—Rs. 2,638,818 were surrendered leaving a net saving of Rs. 117,858 by Aviation Division. The departmental representative explained that savings were due to non-completion of foreign aided projects. The Ministry assured the Committee that savings would be surrendered in time in future.

604. *Grant No. 181—Capital Outlay on Civil Aviation and other Works of Ministry of Defence (Page 99—AA).*—Audit reported that the department had surrendered Rs. 31,677,000 leaving a net saving of Rs. 13,600,479 by Aviation Division. The departmental representative explained that it was

due to accounting error on their part and also due to non-completion of foreign aided projects in time. The Committee directed that stern action should be taken against person(s) responsible.

AUDIT REPORT (CIVIL WORKS) (VOL. II — 1986-87)

Civil Aviation Authority

605. *Loss due to premature award of a contract—Rs. 93 million (Para 5.1, page 53—ARCW).*—Audit informed the Committee that M/s. Bechtal International INC were selected in August, 1983 as "Project Management Consultant" in respect of Airport facility improvements for Karachi, Lahore and Islamabad Airports. The agreed fee was 5.5 million US $ and 34.5 million Pak. Rupee. The agreement was signed on 12-2-1984 and upto October, 1989 payments of 5.480 million US $ and 36.904 million Pak. Rupee were made to the firm. PC-I for Lahore and Islamabad terminal had not so far been prepared. The PC-I for Karachi terminal was approved by ECNEC on 18-2-1988. Construction of New Terminal Complex and related facilities at Karachi International Airport was started in December, 1988. The action of the Authority to appoint Consultants four years before the schemes were approved by ECNEC was premature and irregular. The Principal Accounting Officer acknowledged the merit of Audit's observation and informed the Committee that a departmental inquiry had already been ordered. The Committee advised that the inquiry report be submitted to the PAC within 2 months.

Airports Development Agency

606. *Defective execution of a work (Para 6.1, page 55—ARCW).*—Audit informed that abnormal cracks developed in Haj Terminal Building at Islamabad Airport had developed because adequate quantity of steel had not be used in construction. The department, however, contended that steel was used according to approved structural drawings. Audit remarked that despite repeated requests, approved structural drawings, copies of report of NESPAK and inquiry report of CAA had not been supplied to them. The department admitted that execution of work was bad and necessary repair work had been carried out at the cost of contractor. Managing Director ADA informed the Committee that services of the officer responsible had been terminated for negligence in designing and repairs were carried out under the supervision of NESPAK. The Principal Accounting Officer was advised to ensure that the Haj Terminal Building at Islamabad Airport did not pose any hazard for the Hajis.

607. *Non-recovery of dues—Rs. 254,690 (Para 6.4, page 57—ARCW).*—Audit informed that ADA executed the work of "Recarpetting Taxiway at PAF Base Jacobabad" as a sub-contractor of a private agency. Advance payment received from the client was adjusted in the 3rd running bill instead of final bill. A post dated cheque for Rs. 150,000 was accepted in payment of 3rd running bill which was subsequently dishonoured. Moreover, final bill of Rs. 104,690 was not paid by the client. The department replied that the outstanding amount worked out to Rs. 150,000 instead of Rs. 254,690 but recovery of Rs. 150,000 had not so far been made for the client. The departmental representative promised to recover the balance amount, Audit was asked to verify correct amount recoverable. The departmental representative undertook to have the amount recovered by 30-6-1990.

608. *Wasteful Expenditure—Rs. 51,900 (Para 6.5, page 58—ARCW).*-Audit informed that site of installation of a tubewell at Peshawar Airport was changed after incurring expenditure of Rs. 51,900 on boring to a depth of 30 metres. The expenditure was thus infructuous. The department replied that the site was changed at the instance of the Zonal Manager, CAA and expenditure was included in the revised administrative approval. The departmental representative informed that site was selected but not found successful. The Committee advised the department to provide all details to Audit and recommended regularization/write off of the amount.

Pakistan International Airlines

609. *Lack of proper care in the swap deal of four DC—10 Aircrafts with 4 Boeing 747 Aircrafts (Para 9, pages 31-32—ARPSE).*—Audit brought to the notice of the Committee that Board of Directors of PIAC directed the PIAC management on 13-9-1984 to improve rationalization and operational efficiency by reducing wide body fleet. PIAC surveyed market to sell four DC—10 aircrafts and to acquire 2 boeing 747 and 2 airbuses. M/s. Canadian Pacific Airlines offered PIA in May, 1985 to Trade PIA's DC—10 aircrafts with its Boeing 747—200 aircrafts and on 23-6-1985 they offered to exchange the said aircraft on a one for one basis, but PIA did not clinch the deal. In the meantime M/s. Page Avjet contacted PIAC agreed in July, 1985 for standardizing its wide body fleet. PIA agreed in August, 1985 to the deal and bound itself for not negotiating with any third party. PIA sold 4 DC—10 for US $ 108 million and acquired 4 Boeing 747—200 aircrafts for US $ 122 million owned by Canadian Pacific through intermediaries M/s. Page Avjet. It was held that the transaction was not carried out in the best interest of the Corporation. The Ministry stated that the case was under investigation by FIA. The Committee was not satisfied with the explanation and appointed a Sub-Committee comprising Sardar Ashiq Muhammad Khan Mazari, MNA to inquire into the handling of the swap deal and report to the Committee within 2 months.

610. *Apprehended loss of Rs. 0.652 million on the export of plants (Para 10, pages 32-33—ARPSE).*—Audit reported that PIAC exported various kinds of green live plants worth Rs. 562,133 to a party of Qatar in 1983. Against an advance deposit of Rs. 220,000, the plants were shipped in two consignments in April, 1983, and were got cleared by the party direct on penal security without paying the balance amount of Rs. 342,133, which they refused to pay on the grounds that plants were not upto the mark or according to specifications.

611. Audit further informed the Committee that another consignment of 16225 plants valuing Rs. 295,160 was handed over to the authorized shipping company for onward transmission to the same party in Qatar, but were not shipped due to non-availability of space on the ship. The plants were destroyed completely. Thus the PIA suffered a total loss of Rs. 652,293. The case was stated to be in a court of law. However, the Ministry did not explain whether any action was taken against the officials responsible for lack of proper business safeguards in the transactions. The Principal Accounting Officer undertook to have an inquiry to fix individual responsibility and report back to PAC within 2 months.

612. *Non-judicious sale of PIA Hotels (Para 11, pages 33—37—ARPSE).*—Audit informed the Committee that in April, 1984 instructions were given to PIAC management to give its Hotels at Hunza and Gilgit to Agha Khan Foundation on the highest negotiated price. The Foundation offered a sum of Rs. 17.80 million for Gilgit, Hunza and Swat Hotels and Inter Pak Inn, Sukkur, which was enhanced to Rs. 19.00 million after negotiation. Rs. 3 million were offered for Inter Pak Inn, Sukkur, to which Sukkur Municipal Corporation did not agree and was sold to one Mr. Abdur Rehman who offered Rs. 4 million for the shares of this hotel which was approved by the Board in May, 1986. Although the hotel was sold for Rs. 4 million, the PIAC in fact, received a sum of Rs. 1.477 million only. Further, neither value of the property was assessed nor open tenders were invited. As such this deal could not be called judicious. The Committee directed the Principal Accounting Officer to have a departmental inquiry conducted and submit report to the PAC.

PIA Shaver Poultry Breeding Farms (Private) Limited

613. *Working results of the Company (Para 112, pages 137-138—ARPSE).*—Audit reported that PIA Shaver invested a sum of Rs. 2.380 million in Zarghun Feed Mills (Rs. 0.540 million) and Zarghun Poultry Complex Private Limited (Rs. 1.840 million) in 1981-82 without assessing financial soundness of these projects. Since investment in these companies no dividend had been received. The

NATIONAL ASSEMBLY SECRETARIAT

Sunday, the 18th March, 1990.

Fourteenth Sitting (PAC)

632. The Public Accounts Committee assembled at 10.00 A.M. in Committee Room No. 2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1986-87. The following members attended the meeting:—

Public Accounts Committee:

1.	Mr. Hakim Ali Zardari, MNA.	*Chairman*
2.	Dr. Mehboob-ur-Rehman, Minister of State for Food and Agriculture.	*Member*
3.	Syed Parvez Ali Shah Jillani, Minister of State for Youth Affairs.	*Member*
4.	Sardar Muhammad Muqeem Khan Khoso, MNA.	*Member*
5.	Sardar Ashiq Muhammad Khan Mazari, MNA.	*Member*

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Secretary.
2. Mr. Arif Mansur, Deputy Secretary (PAC).
3. Mr. Mulazim Hussain Kazmi, Officer on Special Duty (PAC).

Audit:

1. Syed Iftikhar Shabbir, Deputy Auditor-General (GA).
2. Mr. M.A. Lodhi, Deputy Auditor-General (CA & E).
3. Sh. Muhammad Sadiq, Accountant General Pakistan Revenue.
4. Mr. Mansoor Ali Sheikh, Director General (GA).
5. Mr. Zulqarnain Qureshi, Director General Audit (Federal Govt).
6. Mr. Fazl-ur-Rehman, Director General (CA).
7. Mr. M. Sajid Khan, Director (Foreign Audit).

Ministry of Finance:

1. Mr. Zulfiqar Khan, Joint Secretary.
2. Mr. M. Amjad Virk, FA (Foreign Affairs).
3. Mr. M. Rafiq Asghar, FA (Petroleum and Natural Resources)

633. *Accounts Examined.*—Accounts pertaining to the following Ministries were examined by the Committee during the meeting :—

1. Ministry of Foreign Affairs.
2. Ministry of Petroleum and Natural Resources.

MINISTRY OF FOREIGN AFFAIRS

634. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Ministry of Foreign Affairs. The following departmental representatives were present:—

1. Dr. Tanvir Ahmed Khan, Secretary.
2. Mr. Amir Usman, Additional Secretary.

3. Mr. Mushtaq A. Mehr, Director General (S&F).
4. Mr. Saleem Siddiqui, CAO.
5. Mr. Salahuddin Chaudhry, Director (Finance).
6. Mr. Iftikhar Hussain Shah, Director (B&C).
7. Mr. Ehsanullah, Section Officer.
8. Mr. M.A. Tariq, ACAO.
9. Mr. Yunus Butt, Accounts Officer.

635. This Ministry controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Ministry of Foreign Affairs.	63
2.	Foreign Affairs.	64
3.	Other Expenditure of Ministry of Foreign Affairs.	65
4.	Capital Outlay on Works of Ministry of Foreign Affairs.	186

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1986-87)

636. *Grant No. 63-Ministry of Foreign Affairs (Page 182-AA).*—There was a net saving of Rs. 9,465,162 which was not surrendered in time. The Committee advised the Ministry to be careful in future and directed that savings should be surrendered in time.

637. *Grant No. 64-Foreign Affairs (Page 183-AA).*—The grant closed with huge excess of Rs. 42,112,847. The Ministry explained that excess was Rs. 10.664 million only as the supplementary grant of Rs. 31,448,000 allowed by the Finance Division on 9-6-1987 was not included in the Appropriation Accounts. Audit pointed out that PAC in its report for 1981-82 to 1984-85 (Para 5.2.1, page 19) had asked the Ministry of Foreign Affairs to adopt ways and means for reducing unnecessary expenditure in Pakistan Missions abroad and devise procedures in consultation with Finance and Audit for effective utilization of funds but no proper control over expenditure was being exercised.

638. The Committee, while recommending the excess for regularisation cautioned that it would be difficult to get such recommendation in future. The budgeting of expenditure for foreign missions presented certain understandable problems but the answer was not to bring huge excesses before the PAC for regularisation. The Ministry of Finance needs to be responsible to the genuine requirements of the Ministry of Foreign Affairs but the Ministry of Foreign Affairs should at its end exercise extreme economy and desist from utilizing the complications involved in budgeting for a large number of missions located in different conditions as the pretext for lavish expenditure. Keeping in view the complications both the Ministries need to raise the level and intensity of their communication with each other to ensure that annual budget figures are realistic.

639. *Grant No. 65-Other Expenditure of Ministry of Foreign Affairs (Page 184-AA).*—Audit reported that under Charged expenditure an amount of Rs. 15 million pertaining to Prime Minister's visit had been incorrectly booked. The expenditure should have been booked in "Other than Charged" Section of the grant. After rectification there was saving of Rs. 1,612,020 in the "Charged" Section and excess of Rs. 11,014,428 in the Other Than Charged Section which needed regularization. The Ministry explained that excess under charged portion was Rs. 2.426 million as a supplementary grant of Rs. 11 million obtained on 9-6-1987 had not been accounted for. The excess was mainly due to heavy expenditure on foreign visits of President and Prime Minister. The Committee advised the Ministry to process supplementary grants, especially those related to President/Prime Minister's foreign visits well in time. The Committee decided to recommend regularization of excess through Excess Budget Statement.

640. *Grant No. 186-Capital Outlay on Works of Ministry of Foreign Affairs (Page 185-AA).*—Audit reported an amount of Rs. 43.038 million were surrendered against savings of Rs. 25.789 million. The departmental representative explained that M/s. Gammon (Pak) Limited had constructed the Embassy at Riyadh but at one stage the work had stopped. Otherwise, Rs. 25 million would have been utilized. The work had since been entrusted to a Turkish firm. The Committee advised the Ministry to ensure timely surrender of anticipated savings in future.

AUDIT REPORT (CIVIL) (VOL. I—1986-87)

641. *Expenditure accounts against advances not furnished Rs. 7,524,284 (Para 1, page 108-AR).*—Audit reported that an expenditure of Rs. 3.64 million comprising advances drawn during July, 1984 to June, 1987 had not been accounted for and advances of Rs. 9.48 million pertaining to the period prior to July, 1984 were also outstanding. The Ministry informed the Committee that Rs. 3.8 million had been adjusted and notices for the balance amount had been issued and the amount would be recovered within one month. The Committee advised that recovery of the remaining amount be expedited. The Committee advised the Ministry to undertake special efforts for recovery/settlement of advances and report progress in the next meeting.

642. *Un-invested surplus cash resources and likely loss of profit of about Rs. 505,800 (Para 3, page 109-AR).*—It was brought to the notice of the Committee that a Mission had been receiving special remittances for expenditure on behalf of different Ministries/Divisions/Departments. In certain cases, the expenditure incurred against special remittances was less than the amount received. The Committee directed that the existing instructions regarding investing of surplus funds in interest bearing accounts should be strictly enforced by the Ministry.

643. *Irregular expenditure—Rs. 16,952,047 (Para 4, page 109-AR).*—It was reported by Audit that an expenditure of Rs. 16.9 million was irregularly incurred during 1983—87 on purchase of stores, maintenance, rent of buildings etc. Irregularities were pointed out during July, 1986 to September, 1987. An expenditure of Rs. 4.26 million (25.14%) had since been regularized, leaving a balance of Rs. 12.69 million. The Ministry replied that efforts were being made by them to settle the outstanding amounts. The Committee deferred the consideration on the para and advised the Ministry to speed up regularisation/recovery action and ensure that the entire amount stood adjusted by the meeting.

644. *Recoveries not effected—Rs. 3,537,847 (Para 5, page 118-AR).*—Audit reported that an amount of Rs. 3.5 million was recoverable on account of over drawal of pay and allowances etc. The Ministry admitted overpayment and promised action to effect recoveries. The Committee advised the Chief Accounts Officer of Ministry of Foreign Affairs to oversee recovery/regularization action and settlement of the para with Audit.

645. *Non-payment of utility consumption charges by heads of missions—Rs. 853,381 (Para 6, page 129-AR).*—Audit reported that Rs. 853,381 were payable by 18 heads of Missions as their share of utility charges on Embassy residences. The Ministry informed that Rs. 83,553 (9.8%) had been recovered and recovery of Rs. 226,941 (26.6%) had been got waived leaving a balance of Rs. 542,907 (63.6%). Non-payment of Government dues and delay in effecting recoveries reflected lack of financial discipline. The departmental representative informed the Committee that in many cases they had withheld payment of gratuity etc. to the retired officers to ensure recovery. The Committee advised the Ministry to recover the entire amount from concerned officers and render report to the Committee.

646. *T.A. advances not adjusted—Rs. 1,217,416 (Para 7, page 130-AR).*—Audit pointed out that T.A. advances amounting to Rs. 1,217,416 allowed during 1980—87 remained unadjusted at the end of the prescribed period. Advances amounting to Rs. 531,008 had since been adjusted, leaving a balance of Rs. 686,408. The Ministry informed the Committee that notices had been given to the concerned officers to adjust the amount within three months. The Committee advised adjustment within the three months period.

647. *Loss of Airconditioners (Para 11, page 133-AR).*—Audit informed the Committee that after demolition of Pakistan House, Madina Munnawara, 13 airconditioners were taken to the Mission at Riyadh. The whereabouts of the airconditioners could not be traced. The Committee directed that a departmental inquiry be conducted and report rendered to the Committee.

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

MINISTRY OF PETROLEUM AND NATURAL RESOURCES

649. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Ministry of Petroleum and Natural Resources. The following departmental representatives were present:—

1. Mr. Aslam Iqbal, Secretary.
2. Mr. Mehboob Elahi, Deputy Secretary.
3. Mr. Iqtadaruddin Siddiqui, Section Officer.
4. Mr. Shahid Ahmed, Director General (PC).
5. Mr. A.R.P. Memon, Director General (NRER).
6. Mr. Hilal A. Raza, Chairman (OGDC).
7. Syed Ahmed, Financial Controller (RDC).
8. Mr. M. M. Khan, Chairman (PMDC).
9. Mr. S.M.H. Naqvi, Director General (HDIP).
10. Mr. A.H. Kazmi, Director General (GSP).
11. Mr. Bashir Ahmed Saleemi, Managing Director (GCP).
12. Mr. Abdul Rehman, General Manager (Mari Gas Company).
13. Mr. S. Amjad Hussain, Managing Director (PSO).
14. Mr. M. Inam-us-Samad, General Manager (Finance) (SGC).

650. This Ministry controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Ministry of Petroleum and Natural Resources.	105
2.	Geological Survey.	106
3.	Other Expenditure of Ministry of Petroleum and Natural Resources.	107
4.	Development Expenditure of Ministry of Petroleum and Natural Resources.	166
5.	Capital Outlay on Petroleum and Natural Resources.	188
6.	Capital Outlay on Mineral Development.	189

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1986-87)

651. *Grant No. 105-Ministry of Petroleum and Natural Resources (Page 284-AA).*—Out of the saving of Rs. 1,006,211, Rs. 942,000 were surrendered leaving a net saving of Rs. 64,211. No comments were offered by the Committee.

652. *Grant No. 106-Geological Survey (Page 285-AA).*—Rs. 2,501,000 were surrendered leaving a net saving of Rs. 1,476,326. The departmental representative explained that savings were due to vacant posts and non-purchase of durable goods. The Committee directed that in future savings should be surrendered in time.

653. *Grant No. 107-Other Expenditure of Ministry of Petroleum and Natural Resources (Page 286-AA).*—Rs. 51,871,000 were surrendered, leaving a net saving of Rs. 11,357,800. The departmental representative explained that Rs. 50 lac were not released by the Finance Division till the close of financial year. The Committee made no observation.

654. *Grant No. 166-Development Expenditure of Ministry of Petroleum and Natural Resources (Page 287-AA).*—Rs. 140,000 were surrendered, leaving a net saving of Rs. 74,666. No comments were offered by the Committee.

655. *Grant No. 188-Capital Outlay on Petroleum and Natural Resources (Page 288-AA).*—The grant closed with an excess of Rs. 312,256,493. The departmental representative explained that an amount of Rs. 144 million pertaining to OGDC was booked twice. Audit informed that supplementary grant of Rs. 235 million was sanctioned by the Finance Division but it was not authorized by the Legislature. The Committee was not satisfied with the explanation for the excess expenditure. It advised that the final figure against the grant be reconciled and a detailed explanation rendered for review of the excess in the next meeting.

656. *Grant No. 189-Capital Outlay on Mineral Development (Page 292-AA).*—Audit reported that Rs. 8,166,000 were surrendered leaving a net saving of Rs. 31,949,442. The departmental representative explained that amount related to FEC projects controlled by the Economic Affairs Division. Audit pointed out that a Sub-Committee had already been constituted to look into the reasons for non-booking/utilization of funds. No comments were offered by the Committee.

AUDIT REPORT (CIVIL) (VOL. I—1986-87)

Resources Development Corporation :

(i) *Undue financial assistance Rs. 3,605,957 to a private agency (Para 1, page 209-AR).*

(ii) *Un-necessary purchase of two tractor trollies Rs. 42,445 (Para 4, page 210-AR).*

657. Audit pointed out that the Director General, Energy Resources issued a cheque for Rs. 3,605,957 out of their PLA account in favour of a firm without receiving any claim from them. The Ministry investigated the matter and concluded that the payment was wrong and it was fully recovered from the firm. Since the charge had been proved through departmental enquiry, Audit wanted to find out details of action taken against the officer(s) at fault. Similarly, two tractor trollies worth Rs. 42,445 were purchased in August, 1985 for which no tractor was available. Audit desired to know the nature of disciplinary action taken against the officer(s) responsible.

658. The departmental representative informed the Committee that the same officer was involved in both and certain other cases of which most had been proved. The case was reported to the Establishment Division, which had decided to transfer the officer to some other Ministry/Division. The Committee was not satisfied with the explanation that an officer against whom the charge of undue financial assistance to a private agency had been established through departmental inquiry was simply transferred. It directed that a fresh inquiry be conducted in the above cases and strict action be taken commensurate with the charge/responsibility, as fixed.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII—1986-87)

Gemstone Corporation of Pakistan Limited :

659. *Operating results of the Corporation (Paras 284-285, page 208 ARPSE).*—Audit reported that the Corporation had sustained an operating loss of Rs. 11 million during the year 1986-87.

Resultantly, the accumulated loss increased to Rs. 56 million. This had eroded 93% of the equity of Rs. 60 million. The PAC in its meeting held on 16-5-1989 had constituted a Sub-Committee to review the working of Gemstone Corporation, the report of which was awaited. The PAC directed that recommendations made by the Sub-Committee (to be communicated separately) should be implemented.

660. *Pak. Stanvac Petroleum Project (Mari Gas Company Limited) (Paras 2-3 (9), page 17-ARPSE).*—Audit informed the Committee that the PAC in its meeting held on 16-5-1989 had observed that since the Government owned major shares (60%) in the Company, the Auditor-General of Pakistan should conduct audit of its accounts and his report should be presented before the PAC. However, the Management of the Company declined to entertain audit of its accounts by the audit office. It was reported that Committee's recommendation on the subject of refusal by certain companies (including Mari Gas Company Limited) to entertain state audit had been discussed by the Ministers of Petroleum and Natural Resources and Finance. The Ministers had decided that these companies should offer their accounts for audit to the Auditor-General of Pakistan. The Committee observed that keeping in view clear decision from the PAC which had been endorsed by the concerned Ministers there was no justification to delay audit any further. On a special request from the Principal Accounting Officer the representative of Mari Gas Company was allowed by the Chairman to present his case. The Committee, however, decided that keeping in view clear statutory requirements the managements of the companies should, without exception, make their accounts available for audit. Auditor-General was advised to take up audit immediately.

Resources Development Corporation (Private) Limited :

661. *Audit comments on the Corporation (Paras 290-291, page 210-ARPSE).*—The Corporation was established in 1974 and had incurred total expenditure of Rs. 240.498 million upto 30-6-1988. However, no project had been undertaken by the Corporation. Chinese Metallurgical Construction Corporation (MCC) offered assistance in December, 1987 for implementation of the Saindak Project. The draft agreement had not been finalized as yet. While expressing satisfaction that an agreement for implementation of the Saindak Project with Chinese collaboration was finally under way, the Committee appointed a Sub-Committee comprising Dr. Mahboob-ur-Rehman, Minister of State for Food and Agriculture (Convener) and Sardar Ashiq Muhammad Khan Mazari, MNA to review the utilization of expenditure already incurred by the Corporation and to submit a report to the PAC within two months.

Pakistan Mineral Development Corporation (Private) Limited :

662. *Working results of the Corporation (Paras 292-293, page 211-ARPSE).*—Audit reported that working results of PMDC and its projects were far from satisfactory as it sustained net losses of Rs. 51 million in 1986-87 and Rs. 45 million in 1987-88. The accumulated losses stood at Rs. 207 million on 30-6-1988. The working results of PMDC and performance report on its Coal Washing Plant were discussed in the PAC meeting held on 16-5-1989 (1985-86). The PAC had directed that a Committee consisting of Secretary Finance, Secretary Planning and Development Division, Secretary Ministry of Petroleum and Natural Resources and a representative of Auditor-General might consider the problems within 7 days. Secretary Petroleum and Natural Resources was made responsible for convening the meeting and submitting report of the Sub-Committee. The report was still awaited.

663. The Chairman PMDC while elaborating the working of the Corporation, informed that PMDC was established in 1974. At that time it employed eight thousand workers. The Corporation, which was running into losses, had started earning profit and earned Rs. 69 million profit on coal as well as on salt. The Government had not sanctioned funds for exploration work for the last 10 to 12 years. The departmental representative further explained the problem of Makerwal Collieries in which 2400 employees were working. It was incurring losses of Rs. 30 million every year, since Government was not giving any support. After discussion, the Committee appreciated the working of PMDC and hoped that the Corporation would earn more profit and give more employment to the people.

664. *Oil and Gas Development Corporation.*—Audit informed the Committee that due to late submission of replies by OGDC, the observations could not be included in the Performance Evaluation Report, 1988. The Committee advised Audit to make special study of OGDC and decided to defer its consideration for the accounts of 1987-88.

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

666. The Committee thereafter, adjourned *sine-die*.

KHAN AHMAD GORAYA,
Secretary General.

ISLAMABAD:
The 10th December, 1992.

DETAILS OF EXCESS EXPENDITURE 1985-86

(379—380)

DETAILS OF EXCESS EXPENDITURE 1985-86

Name of Ministry	Grant No.	Grant Name	Original Grant	Supplementary Grant	Final Grant	Actual Expenditure	Excess	PAC Recommendations
1	2	3	4	5	6	7	8	9
Cabinet Division.	1	Cabinet.	6,650,000	1,000	6,651,000	6,693,274	42,274	The Committee recommended the excess for regularization.
	15	Stationery and Printing.	86,992,000	—	86,992,000	87,130,034	138,034	—do—
Establishment Division.	6	Establishment Division.	54,935,000	200,000	55,135,000	55,332,404	197,404	—do—
	8	Services Tribunal.	2,435,000	—	2,435,000	2,435,541	541	—do—
	9	Other Expenditure of Establishment Division.	44,813,000	—	44,813,000	44,852,402	39,402	—do—
Finance Division.	40	Superannuation Allowances and Pensions (Charged).	49,042,000	—	49,042,000	100,016,304	50,974,304	—do—
		(Other Than Charged)	426,878,000	—	426,878,000	494,741,752	67,863,752	—do—
	43.	Grants-in-Aid and Misc. Adjustments between Federal and Provincial Governments. (Other Than Charged).	5,651,034,000	2,448,606,000	8,099,640,000	8,147,519,782	47,879,782	The Committee did not recommend the excess for regularization.
	146	Development Expenditure of M/o. Finance.	3,400,843,000	179,116,000	3,579,959,000	3,591,809,000	11,850,000	The Committee recommended the excess for regularization.
	179	Development Loans and Advances by the Federal Government. (Charged).	8,242,542,000	—	8,242,542,000	8,884,055,136	641,513,136	—do—
		(Other Than Charged).	11,970,149,000	1,012,892,000	12,983,041,000	20,959,937,275	7,976,896,275	—do—
Ministry of Foreign Affairs.	63	Foreign Affairs	445,286,000	12,412,000	457,698,000	476,205,502	18,507,502	—do—

1	2	3	4	5	6	7	8	9
	64	Other Expenditure of Ministry of Foreign Affairs. (Charged).	20,000,000	30,000,000	50,000,000	50,168,803	168,803	The Committee recommended the excess for regularization.
		(Other Than Charged)	53,068,000	50,329,000	103,397,000	117,288,150	13,891,150	—do—
Ministry of Housing & Works.	71	Works Division	4,755,000	—	4,755,000	4,851,862	96,862	—do—
	72	Civil Works (Charged).	5,000,000	—	5,000,000	5,004,591	4,591	—do—
		(Other Than Charged)	2,555,670,000	231,000	255,901,000	300,852,663	44,951,663	—do—
Ministry of Industries.	78	Department of Investment Promotion and Supplies.	23,877,000	—	23,877,000	24,074,004	197,004	—do—
Ministry of Information and Broadcasting.	82	Press Information Department.	20,377,000	1,152,000	21,529,000	21,714,661	185,661	—do—
	83	Information Services Abroad.	34,730,000	—	34,730,000	40,614,816	5,884,816	—do—
Ministry of Interior.	86	Ministry of Interior	20,870,000	100,000	20,970,000	24,774,966	3,804,966	—do—
	89	Civil Armed Forces	946,485,000	25,724,000	972,209,000	1,150,210,464	178,001,464	—do—
	91	Civil Defence	9,287,000	—	9,287,000	9,391,441	104,441	—do—
	92	Federal Investigation Agency	44,066,000	1,000	44,067,000	49,187,721	5,120,721	—do—
Labour Division.	97	Other Expenditure of Labour Division.	422,352,000	100,000	422,452,000	425,367,142	2,915,142	—do—
Ministry of Production.	108	Ministry of Production	22,785,000	83,937,000	106,722,000	106,864,741	142,741	—do—
Ministry of Science and Technology.	114	Other Expenditure of Ministry of Science and Technology.	124,845,000	7,500,000	132,345,000	133,045,000	700,000	—do—
States and Frontier Regions Division.	116	Frontier Regions	143,280,000	—	143,280,000	157,945,752	14,665,752	—do—
	117	Frontier Constabulary	203,263,000	—	203,263,000	208,476,708	5,213,708	—do—

1	2	3	4	5	6	7	8	9
	119	Other Expenditure of Federally Administered Tribal Areas.	296,940,000	—	296,940,000	325,885,482	28,945,482	The Committee did not recommend the excess for regularization.
	121	Other Expenditure of States and Frontier Regions Division.	23,445,000	—	23,445,000	23,838,230	393,230	The Committee recommended the excess for regularization.
	122	Afghan Refugees	825,926,000	9,728,000	835,654,000	868,984,953	33,330,953	—do—
Kashmir Affairs and Northern Affairs Division.	126	Other Expenditure of Kashmir Affairs and Northern Affairs Division.	480,710,000	445,000	481,155,000	596,270,039	115,115,039	—do—
Ministry of Water and Power.	127	Ministry of Water and Power.	31,756,000	700,000	32,456,000	38,246,735	5,790,735	—do—
Health Division.	152	Development Expenditure of Health Division.	599,081,000	61,966,000	661,047,000	707,308,649	46,261,649	—do—
Manpower and Overseas Pakistanis Division.	159	Development Expenditure of Manpower and Overseas Pakistanis Division.	152,837,000	—	152,837,000	153,040,110	203,110	—do—
Ministry of Communications.	175	Capital Outlay on Communication Works.	30,675,000	—	30,675,000	98,282,188	67,607,188	The Committee did not recommend the excess for regularization.
	20	Pakistan Post Office Department.	677,045,000	—	677,045,000	722,111,552	45,066,552	The Committee recommended the excess for regularization.
	173	Capital Outlay of Pakistan Telegraph and Telephone Department.	1,733,545,000	20,000,000	1,753,545,000	1,891,215,019	137,670,019	The Committee did not recommend the excess for regularization.
Ministry of Defence	33	Defence Services	32,914,806,000	692,649,000	33,607,555,000	3,904,630,095	297,175,095	The Committee recommended the excess for regularization.

1	2	3	4	5	6	7	8	9
President's Secretariat.	—	Staff Household and Allowances of the President.	39,548,000	22,668,000	62,216,000	66,099,196	3,883,196	The Committee recommended the excess for regularization.
Ministry of Railways.	109	Pakistan Railways.	228,678,000	27,614,000	255,292,000	258,878,842	2,586,842	The Committee did not recommend the excess for regularization.

MINUTES OF THE PAC FOR 1985-86

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NATIONAL ASSEMBLY SECRETARIAT

PROCEEDINGS OF THE MEETING OF THE PUBLIC ACCOUNTS COMMITTEE ON THE FEDERAL GOVERNMENT ACCOUNTS FOR THE YEAR 1985-86

Wednesday, the 17th February, 1988.
First and Second Sitting (PAC) (Forenoon Session)
Thursday, the 18th February, 1988.

The Public Accounts Committee assembled at 10.00 A.M. in Committee Room No. 2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1985-86. The following members attended the meeting:—

Public Accounts Committee:

1.	Sardarzada Muhammad Ali Shah, M.N.A.	*Chairman*
2.	Sardar Asseff Ahmed Ali, M.N.A.	*Member*
3.	Rai Arif Hussain, M.N.A.	*Member*
4.	Ch. Muhammad Sarwar Khan, M.N.A.	*Member*
5.	Nawab Muhammad Yamin Khan, M.N.A.	*Member*
6.	Mr. Miangul Aurangzeb, M.N.A.	*Member*
7.	Mian Muhammad Yasin Khan Wattoo, Minister for Finance.	*Ex-Officio Member*

National Assembly Secretariat:

1. Mr. Arif Mansur, Deputy Secretary (PAC).
2. Mr. Gulzar Ahmed, Officer on Special Duty (PAC).

Audit:

1. Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
2. Mrs. Suraiya Hafeez, Deputy Auditor-General (CA).
3. Sh. Muhammad Sadiq, Accountant General Pakistan Revenues.
4. Mr. A.A. Zaidi, Deputy Auditor-General (A&R).
5. Mr. Ahmad Nawab Qureshi, Director General (CA).
6. Mr. Iftikhar Ali Khan Raja, Director General (A&A Works).
7. Syed Jameel Ahmad Zaidi, Director General (WAPDA Audit).
8. Mr. Shahid Hamid, Deputy Director (PEC).

Ministry of Finance and Planning and Development Division:

1. Mr. Muhammad Ismail Maarif, FA (Water & Power).
2. Mr. Fakhar Abbas Naqvi, Deputy Secretary (Budget).
3. Dr. M.A. Aghai, Director General (Projects Wing), Planning and Development Division.

2. *Accounts Examined.*—Accounts pertaining to the Ministry of Water and Power were examined by the Committee during the meeting.

MINISTRY OF WATER AND POWER

3. The Committee took up for its examination various items contained in the Audit Report of WAPDA for 1985-86 during the meeting. The following departmental representatives were present:—

1. Mr. Abdur Rahim Mahsud, Secretary.
2. Maj. Gen. (Retd.) Agha Manzoor Rauf, Additional Secretary.
3. Ch. Zia-ul-Qayyum, Deputy Secretary.

4. Mr. Muhammad Shoaib, Accounts Officer.
5. Lt. Gen. Zahid Ali Akbar Khan, Chairman (WAPDA).
6. Mr. M. Ayub Sadozai, Member Power (WAPDA).
7. Mr. Asif Kazi, Member Water (WAPDA).
8. Mr. Sultan Hamid, Member Finance (WAPDA).
9. Mr. Wasim Khan, MD (Distribution).
10. Mr. M. Ashraf Malik, G. M. (Operation).
11. Mian Ghulam Muhammad, Chief Auditor (WAPDA).

AUDIT REPORT (WAPDA) (VOL. VII—1985-86)

Special Study Report

4. *Chashma Right Bank Canal, (Paras 1.1 to 4.11; pages 149—166-AR—WAPDA).*— Presenting Audit's Special Study Report of phase I of the (Chashma Right Bank Canal Project), which had been specifically requested by the PAC, the Audit representative made the following observations:—

(i) Phase I of the project had been completed with a time over-run of 2 years and a cost over run of Rs. 175,000,000 which was 60% of the estimated cost. On control of seepage alone Rs. 44.5 million were spent against a planned amount of Rs. 2.8 million.

(ii) The contract was awarded to a private party in preference to FWO who had quoted the lowest bid.

(iii) The accepted contract featured uneven rates the effect of which was accentuated in favour of the contractor with a major change in alignment of the canal.

(iv) There were other serious issues related to excavation from unauthorized areas, the unsuitable time at which canal was opened, the manner in which certain risk and cost contracts were handled and the working out of rates of new items.

5. The departmental representative pointed out that 40% of the cost over-run was due to interest paid on principle because of the 2 years time over-run. The seepage which at one stage appeared to be a major threat had been controlled and the project, despite certain problems had been successfully completed. There had been certain lapses but the department was cognizant of those and had taken serious action against 12 senior employees.

6. The issue which remained the focus of the Members' questioning was the grant of contract to a private party by ignoring the lowest bid from a government organization. The department insisted that the FWO bid had been ignored because Asian Development Bank, in its capacity as co-financer of the project, considered bids without tender guarantees as non-responsive. It was also pointed out that although the lowest bid was ignored, the second lowest (to whom tender award was made) was asked to work at the rates quoted by the lowest. The Members remained uncovinced and wanted to know as to what serious efforts was made by WAPDA to award contract to FWO. The departmental representative stated that although the Chairman and Members of the Board had changed it could be stated with "full responsibility" that every effort was made to accommodate FWO but WAPDA was helpless before co-financer's requirements. After a prolonged discussion the consensus of the Committee was that further investigation into the circumstances of the award of contract and change of alignment was required before the Committee could finalize its recommendation.

7. The Committee desired that a visit for Committee Members to the site be arranged. The Committee also wanted to know as to why serious action had to be taken against certain officials involved with the project and desired that WAPDA should submit details of all such cases to the Committee.

8. *Note.*—The Chairman PAC subsequently wrote a D.O. letter to Director General, FWO to obtain the Organization's point of view in the matter.

Special Study Report

9. *Inventory Control (Paras 1.1—6.5, pages 91—108-AR—WAPDA).*—Evaluating the Inventory Control System of WAPDA, the Audit representative developed the argument that despite hiring foreign consultants and spending heavy amounts a satisfactory system for the Organization which kept a large inventory had not been developed. Currently WAPDA is engaged in creating a huge Organization for inventory management and control but its effectiveness remained uncertain.

10. The departmental representative emphasized that WAPDA being a living Organization was constantly reviewing its systems and was currently changing from a system where engineers maintain the stores to a system where inventory would be managed by a specialized store Organization. He argued that the new system would be ultimately cost effective. It was also stated that many suggestions for improvement made in the Special Study were being considered for implementation.

11. *Non-accountal of material Rs. 21,716,206 (Para 1.1, page 3-AR—(WAPDA).*—Audit observations pertaining to non-accountal of stores worth Millions of Rupees, which have become a recurrent feature, were viewed as an example of inadequate inventory management. The Committee emphasizing its earlier directives on similar paras wanted to know as to how stores which were not available at the time of Audit was subsequently made available and whether accountal made after the initial non-accountal was an authentic exercise. The department responded that the real issue was delayed "as installed accountal back" of stores issued for various projects/works. Due to ineffective system and control there was an inherent time lag in the reporting/monitoring system which gets converted into a cumulative audit observation of substantial amount each year. It was also stated that an improved system devised with the help of USAID was being developed in two divisions.

12. The Committee was of the view that while the new system was being developed, the department should also note that time lag in the reporting system results in delayed response in cases which clearly fall in the category of theft and mis-appropriation and cannot be explained by technicalities. Immediate action is required in such cases to safeguard public interest.

(i) *Loss of Rs. 4,969,913 due to theft of electrical material and T&P articles (Para 1.2, page 4-AR—(WAPDA)—*

(ii) *Suspected mis-appropriation of material—Rs. 111,266 (Para 1.3, page 7-AR—(WAPDA)*

(iii) *Suspected mis-appropriation of H.T. structures Rs. 34,500 (Para 1.4, page 8-AR—(WAPDA)—*

13. After examining the departmental replies, the Committee did not make any observation on these paras.

14. *Debtors for energy Rs. 2,557,289,000 (Para 10.4, page 44-AR—(WAPDA).*—While reviewing accounts for the year 1981-82, the PAC in its meeting held in August, 1984 had taken a very serious view of heavy amounts due against other government departments. It had directed "that the Authority should report the up to date position to the Ministry who may consider going to the Cabinet for issuance of a directive to the concerned organizations for prompt clearance of the outstanding". When asked to explain lack of progress on the PAC directive the departmental representative argued that Ministry of Finance was dragging its feet on the issue and had not provided necessary assistance to WAPDA.

15. The representative of the Ministry of Finance was asked to check the record and submit the Ministry's position. This was done the next day (forenoon session of PAC meeting on 18-2-1988). The representative of the Ministry of Finance referred to a number of meetings and letters and developed the argument that it was in fact WAPDA, which by failing to put up a summary for Cabinet and delaying

provision of arrear information on an agreed upon proforma, had made inadequate and sluggish effort for realization of arrears. The Ministry of Finance which had made source deductions from Provinces had to face a lot of criticism for taking unilateral action on unreconciled demands. Further, WAPDA in its latest correspondence to the Ministry, had sought further time to work out arrear position prior to 30-6-1986. The Authority had also stated that it would approach the Ministry for realizations pertaining to the post 30-6-1986 period only after its effort to get payment have proved futile.

16. The Auditor-General, when asked to comment, opined that at source deductions, an option which appeared attractive to WAPDA, was not a proper solution. From an accounting point of view it would present serious problems for booking of expenditure. Realization of dues is a basic organizational responsibility. Since it had become a major problem it was an issue in which the WAPDA Board should involve itself vigorously. Further while efforts were being made to recover past dues parallel effort to reinforce recovery procedures for current dues should also receive high level attention.

17. The Committee observed that huge amounts of outstanding dues between one government department and another is a recurrent theme. The basic problem is overall lack of financial discipline. The result is that while the financial position of one public organization (WAPDA) is seriously effected by non-payment of huge amounts by other departments the agencies who have failed to pay their bills are utilizing a portion of their grant for other items of expenditure rather than meeting their basic obligation under the approved budget.

18. The Committee directed that representatives of Ministry of Finance, Audit and WAPDA should sit together and find a solution by going into the details of the existing system which apparently was inadequate.

Special Study Report

19. *Transformer Study (Paras 1.1 — 4.6, pages 129—137-AR—(WAPDA).*—While presenting the Study Report the Audit representative pointed out serious problems in the record keeping of an item in which WAPDA has an investment of Rs. 3 billion. It was also argued that systems responsiveness to issues like comparative performance of various makes, different rates of break down for individual and group transformers, incidence of oil pilferage and its relation of transformer break down, is very poor.

20. The reply of the departmental representative centred around developing a case for sealed and self protecting transformers. It was argued that antiquated distribution systems caused most of the break down.

21. The Chairman PAC requested Secretary, Ministry of Water and Power and Chairman WAPDA to conduct a study in order to improve the system of economic use and efficient management of transformers which was one of the most valuable and pivotal asset of WAPDA.

22. *Qualified Audit Certificate preface to Audit Report (WAPDA).*—The last item to be discussed was the Qualified Audit Certificate given by the Auditor-General in his preface to the Audit Report (WAPDA) for 1985-86, citing the provisions of Article 161(2) of the Constitution, which requires payment of net profits from bulk generation of power at a hydro-electric station to the Province in which the station is located, the Auditor-General explained that since a definite liability remained unreflected or uncatered for in the accounts of WAPDA, the accounts, as maintained by the Authority, cannot be accepted to present a complete picture of its assets and liabilities. The Department argued that the basis on which the net profits should be worked out and the ensuing liability incorporated in the accounts was not available to the Authority. The Committee while accepting the merit of both arguments was of the view that an element of provisionality in the accounts was inescapable.

23. The Committee decided that it would wait for the impending decision by Council of Common Interests before discussing the issue any further. The Committee also decided that another PAC meeting will be convened at a later date to discuss leftover issues pertaining to WAPDA and that in the meantime the department should try to resolve with Audit most of the observations which had not come up for discussion.

24. The Committee concluding its discussion of Audit Report of WAPDA (1985-86), took up for discussion Appropriation Accounts pertaining to the Ministry of Water and Power.

ISLAMABAD:
The 10th December, 1992.

KHAN AHMAD GORAYA,
Secretary General.

NATIONAL ASSEMBLY SECRETARIAT

Thursday, the 18th February, 1988.
Second Sitting (PAC)

25. The Public Accounts Committee which had assembled at 9.30 A.M. in Committee Room No. 2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1985-86, took up for examination Appropriation Accounts and Audit Report pertaining to the Ministry of Water and Power in the afternoon session of its second sitting. The following members attended the meeting:—

Public Accounts Committee:

1. Sardarzada Muhammad Ali Shah, M.N.A. — *Chairman*
2. Sardar Asseff Ahmed Ali, M.N.A. — *Member*
3. Rai Arif Hussain, M.N.A. — *Member*
4. Ch. Muhammad Sarwar Khan, M.N.A. — *Member*
5. Nawab Muhammad Yamin Khan, M.N.A. — *Member*
6. Mr. Miangul Aurangzeb, M.N.A. — *Member*

National Assembly Secretariat:

1. Mr. Arif Mansur, Deputy Secretary (PAC).
2. Mr. Gulzar Ahmed, Officer on Special Duty (PAC).

Audit:

1. Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
2. Syed Iftikhar Shabbir, Deputy Auditor-General (Co-ord).
3. Mrs, Suraiya Hafeez, Deputy Auditor-General (CA).
4. Sh. Muhammad Sadiq, Accountant General, Pakistan Revenues.
5. Mr. A. A. Zaidi, Deputy Auditor-General (A&R).
6. Mr. Ahmad Nawab Qureshi, Director General (CA).
7. Mr. Iftikhar Ali Khan Raja, Director General (A&A Works).
8. Syed Jameel Ahmed Zaidi, Director General (WAPDA Audit).
9. Mr. Shahid Hameed, Deputy Director (PEC).

Ministry of Finance and Planning and Development Division:

1. Mr. Muhammad Ismail Maarif, FA (Water and Power).
2. Mr. Fakhar Abbas Naqvi, Deputy Secretary (Budget).
3. Dr. M. A. Aghai, Director General (Projects Wing), Planning and Development Division.

26. *Accounts Examined.*—Accounts pertaining to the Ministry of Water and Power were examined by the Committee during the course of the afternoon sitting.

MINISTRY OF WATER AND POWER

27. The Committee took up for its examination, the Appropriation Accounts, Audit Report etc; pertaining to the Ministry of Water and Power. The following departmental representatives were present:—

1. Mr. Abdur Rahim Mahsud, Secretary.
2. Maj. Gen. (Retd.) Agha Manzoor Rauf, Additional Secretary.

3. Ch. Zia-ul-Qayyum, Deputy Secretary.
4. Mr. Muhammad Shoaib, Accounts Officer.
5. Mr. Amjad Agha, MD (NESPAK).
6. Mr. Ali Nawab Jokhio, MD (NTCC).

28. This Ministry controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Ministry of Water and Power.	127
2.	Development Expenditure of Ministry of Water and Power.	168
3.	Capital Outlay on Irrigation and Electricity.	189

AUDIT REPORT (CIVIL WORKS) (VOL. II—1985-86)

National Tubewell Construction Corporation Limited

29. *Undue utilization of capacity (Para 9.4, page 97-ARCW).*—Audit pointed out that the Company could drill 1,200 tubewells from its 15 rigs per year but less than 30% of its capacity was utilized during the last 10 years. The PAC had discussed it in its November, 1986 meeting and directed the Corporation to undertake works in open market and try to reduce under utilization. After hearing the departmental representative, the Committee directed the Corporation to register definite improvement within a period of one year and thereafter its achievements would be examined by the Committee with a view to recommend its continuance or liquidation.

30. *Blockage of Funds in Purchase of Mini-Dredger-Rs. 7.033 million (Para 9.7, page 99-ARCW).*—The Company with primary responsibility in the field of tubewell construction purchased a second hand mini-dredger at a cost of 6.781 million in June, 1985. It has spent Rs. 0.252 million on its repair and transportation. The expensive machinery had been sitting idle blocking the Company's funds. During the discussion it transpired that NTCC and another Company NCCP had been placed under another Government agency OCP in the hope that by pooling their resources they could tap certain foreign contracts. During this period the OCP drew an advance from NTCC. The mini-dredger which was purchased by OCP through NCCP was transferred to NTCC in settlement of the advance.

31. The Committee was dismayed at the manner in which the above issues were handled. It conveyed its concern about such inter-company loans. The Committee which concluded that the Board of Directors of NTCC was apparently responsible for accepting an unnecessary purchase, directed that the Board proceedings in which the purchase was approved be provided to the Committee. It also desired that the Ministry should examine disposing of the dredger at best possible price.

32. *Non-Recovery of Rs. 140,000 (Para 9.10, pages 99-100-ARCW).*—In 1975 the NTCC advanced Rs. 280,000 to a firm for supply of two trucks. Only one truck was received. Since the advance was made without any security the only option left to the Company for recovering Rs. 140,000, the cost of remaining truck was court action which despite a decree passed in favour of the Company in 1982 has not proved successful. The departmental representative informed the Committee that people responsible for making the unsecured advance have retired since long. The Committee conveyed its displeasure at the handling of the entire transaction and the paragraph was dropped.

33. *Establishment of a Camp Office at Karachi (Para 9.11, page 100-ARCW).*—Audit has observed that an Office had been unnecessarily opened at Karachi by the Company. It was explained

that a major focus of current Company operation had shifted to Sind which necessitated opening of a camp office, however, reallocating the Karachi Camp Office to a station in interior Sind was being considered. The Committee accepted this explanation and the paragraph was treated as settled.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII—1985-86)

National Engineering Service of Pakistan (Private) Limited (NESPAK)

34. *Increase in receivables (NESPAK) (Para 658, page 454-ARPSE).*—The Audit had observed that receivables of the Company had increased from Rs. 28.98 million as on 30-6-1985 to Rs. 42.4 million as on 30-6-1986. The Committee desired that the position be analysed on the basis of ageing of various outstanding debts and results communicated to Audit.

(i) *Para 659, page 455-ARPSE (Vol-VIII).*

(ii) *Para 660, page 455-ARPSE (Vol-VIII).*

35. After hearing the departmental replies the Committee did not make any observation on these paras.

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1985-86)

36. *Grant No. 127-Ministry of Water and Power (Page 332-AA).*—The grant closed with an excess of Rs. 5,790,735 which was due to a grant (Rs. 6,060,000) approved by the Ministry of Finance, after the issue of Supplementary Budget Book. The Department informed that the grant was given as a special case by the Ministry to cater for certain contractual obligations and will be regularized through Excess Budget Statement.

37. The Committee directed the departmental representative that detailed reasons alongwith justification should be supplied to Audit for further examination and onward transmission to PAC.

38. *Grant No. 168-Development Expenditure of Ministry of Water and Power (Page 333-AA).*—The grant closed with a saving of Rs. 6,500,693. The Committee decided to recommend its regularization but desired that details of saving be communicated to Audit for analysis.

39. *Grant No. 189-Capital Outlay on Irrigation and Electricity (Page 334-AA).*—The grant closed with a saving of Rs. 138,837,535 out of which Rs. 62,259,000 were surrendered leaving a net saving Rs. 76,578,535. The substantial saving was explained as follows:—

(i) Procurement of equipment and spares at cheaper rates than anticipated in the budget.

(ii) Non-finalization of Technical Training Programme of WAPDA Engineers.

(iii) Non-finalization of contracts under international competitive bidding.

(iv) Non-procurement of equipment/material and spares, concurrent to the evaluation report, non clearance of Micro-communication system by T&T Department and late decision of the World Bank to finance the Gates and Hoists spares out of World Bank Loan instead of U.K. Grant.

(v) Deferment of first periodic inspection of Tarbela Dam as advised by the World Bank authorities.

40. The Committee accepted the explanation.

AUDIT REPORT (WAPDA) PROVINCIAL PERIOD 1969-70

41. The Committee deferred the examination of the paras in the above Audit Report. This would be taken up alongwith the examination of the Accounts and Reports for 1986-87.

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

43. The Committee then adjourned to meet again at 9.30 A.M. on Sunday, the 21st February, 1988.

ISLAMABAD:
The 10th December, 1992.

KHAN AHMAD GORAYA,
Secretary General.

NATIONAL ASSEMBLY SECRETARIAT

Sunday, the 21st February, 1988.
Third Sitting (PAC)

44. The Public Accounts Committee assembled at 9.30 A.M. in Committee Room No. 2 of the Parliament House, Islamabad, to continue the examination of the Federal Accounts for 1985-86. The following members attended the meeting:—

Public Accounts Committee:

1. Sardarzada Muhammad Ali Shah, M.N.A. — *Chairman*
2. Sardar Asseff Ahmed Ali, M.N.A. — *Member*
3. Ch. Muhammad Sarwar Khan, M.N.A — *Member*
4. Nawab Muhammad Yamin Khan, M.N.A. — *Member*
5. Mr. Miangul Aurangzeb, M.N.A. — *Member*

National Assembly Secretariat:

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

Audit:

1. Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
2. Syed Iftikhar Shabbir, Deputy Auditor-General (Coord).
3. Sh. Muhammad Sadiq, Accountant General Pakistan Revenue.
4. Mr. A.A. Zaidi, Deputy Auditor-General (A&R).
5. Mr. Ahmad Nawab Qureshi, Director General (CA).
6. Mr. Iftikhar Ali Khan Raja, Director General (A&A Works).

Ministry of Finance and Planning and Development Division:

1. Mr. M. Zafar Mian, FA (Cabinet).
2. Mr. Moinuddin Siddiqi, DFA (Cabinet).
3. Mr. Fakhar Abbas Naqvi, Deputy Secretary (Budget).
4. Dr. M.A. Aghai, Director General (Projects Wing), Planning and Development Division.

45. *Accounts Examined.*—Accounts pertaining to the Cabinet Division (CDA) were examined by the Committee during the meeting.

CABINET DIVISION

46. The Committee took up for its examination, the Audit Report, etc., pertaining to the Cabinet Division (CDA). The following departmental representatives were present:—

1. Mr. Hasan Zaheer, Secretary.
2. Mr. Abdul Hameed, Additional Secretary.
3. Mr. M. Asghar Khan, D.G./Joint Secretary.
4. Mr. Khalid Amin Qureshi, Deputy Secretary.
5. Mr. Muhammad Latif, Section Officer.

6. Mr. Shamshad Ali Rana, Section Officer.
7. Mr. Ghulam Mohiuddin, Controller Stationery and Forms.
8. Mr. Mazhar Rafi, Chairman (CDA).
9. Mr. Saghir Asad Hasan, Member Finance (CDA).
10. Brig. Manzoor Ahmed, Member Engineering (CDA).
11. Mr. A.R. Javed, Deputy Director General (Services) (CDA).
12. Mr. Tayyab Ali Sheikh, Deputy Director General (Works) (CDA).
13. Mr. Shabbir Hasan Khan, Director Audit and Accounts (CDA).
14. Dr. M. Moizuddin, Secretary, National Hijra Council.

47. Only Audit Report (CDA) for 1985-86 was discussed during the meeting.

General Observations

48. The Committee reviewed the overall accounting procedure in vogue in CDA. It desired that if the CDA Ordinance required hiring of an external auditor, this provision should be immediately implemented. In case the Authority felt that the Auditor-General was providing comprehensive audit coverage and hiring of a private auditor will not only be expensive but would also serve no useful purpose, then the Ordinance should be suitably amended. The Committee also desired that the Authority should prepare its Balance Sheet and Statement of Assets and Liabilities. These accounts should be submitted to the Auditor-General for certification.

49. While reviewing the general performance of CDA, the Committee issued the following directives:—

(i) In view of the general feeling that special treatment was being given to residents of Islamabad, the Authority may consider levying taxes and increasing water rates and conservancy charges and utilize the receipts towards its developmental and maintenance expenditure.

(ii) It may consider additional measure with a view to becoming a self-financing entity.

(iii) A Committee consisting of a Member of PAC, Auditor-General and Chairman CDA should review issues which have been a cause of concern especially the issue of allotment of commercial plots from 1981 to 1985.

(iv) The Authority should review its policy of fixing reserve price with a view to ensuring that the major benefit from sale of plots goes to C.D.A. rather than intermediaries and property dealers.

(v) The Authority should be responsive to encroachment on its lands. In this connection a reported encroachment by USAID was discussed and Chairman CDA promised to look into it immediately.

AUDIT REPORT (CIVIL WORKS) (VOL. II—1985-86)

Capital Development Authority

50. *Infructuous expenditure of Rs. 2,695,000 on purchase of launch (Para 3.1. page 45-ARCW).*—The Authority had purchased a second hand launch at a cost of Rs. 2,432,000 in 1982-83. It had subsequently spent Rs. 263,784 on its repair and maintenance. Audit observed that although no proper log book was being maintained it appeared that the launch, which was not catered for in the PC-I, was only being used for recreational purposes. The Department contended that purchase of launch was a technical necessity especially for safety monitoring of what was considered a high hazard dam. Other dams, not under CDA control, had similar facilities. Extensive usage of the launch was dependent on survey pillars which were under construction.

51. The Committee accepted the explanation but desired that the launch should be properly used for the purpose for which it had been purchased and its utilization should be adequately documented through a log book.

52. *Over payment of Rs. 731,542 (Para 3.2, pages 45-46-ARCW).*—The Authority had allowed a payment over the contracted value amounting to Rs. 731,542 in 1984 to a contractor for scaffolding utilized by the contractor for roofing the Rotunda of the Parliament House Building. The Authority sought to justify the payment by offering a comparison of rates quoted by contractor for various levels and establishing that the contractor had apparently not catered for the extra expense for laying beams and slabs at an unusual height of 52 feet. The Authority requested that its decision may be judged in its practical perspective. The Committee accepted the Authority's explanation.

53. *Unauthorized release of security deposits to a contactor by tampering with the record.—Rs. 326,000 (Para 3.3, page 47-ARCW).*—Audit had contended that an unauthorized release of a security deposit amounting to Rs. 326,000 was made possible by tampering with a CDA Board decision. The authority informed the Committee that the entire security deposit stands released in normal course on satisfactory completion of work. The 'mis-leading communication of decision' was being inquired into departmentally. The Committee accepted this explanation.

54. *Loss of Rs. 120,040 due to un-necessary retention of chlorine gas cylinders (Para 3.4, pages 47-48-ARCW).*—Audit had observed that a loss of Rs. 120,040 was incurred by the Authority due to unnecessary retention of chlorine gas cylinders beyond rent free period. Authority explained that in certain cases retention beyond 84 days was unavoidable while in certain cases there was slackness/negligence on the part of the concerned staff for which necessary action was being taken. This explanation was accepted by the Committee.

55. *Irregular payment of qualification allowance (Rs. 69,200) (Para 3.5, page 48-ARCW).*—The Committee accepted the written explanation tendered by the Authority in response to the Audit para.

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

57. The Committee then adjourned to meet again at 9.00 A.M. on Monday, the 22nd February, 1988.

ISLAMABAD:
The 10th December, 1992.

KHAN AHMAD GORAYA,
Secretary General.

NATIONAL ASSEMBLY SECRETARIAT

Monday, the 22nd February, 1988.

Fourth Sitting (PAC)

58. The Public Accounts Committee assembled at 9.00 A.M. in Committee Room No. 2 of the Parliament House, Islamabad, to continue the examination of the Federal Accounts for 1985-86. The following members attended the meeting:—

Public Accounts Committee:

1. Sardarzada Muhammad Ali Shah, M.N.A. — *Chairman*
2. Malik Said Khan Mahsud, Minister of State for Water and Power. — *Member*
3. Rai Arif Hussain, M.N.A. — *Member*
4. Ch. Muhammad Sarwar Khan, M.N.A. — *Member*
5. Nawab Muhammad Yamin Khan, M.N.A. — *Member*
6. Mr. Miangul Aurangzeb, M.N.A. — *Member*

National Assembly Secretariat:

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

Audit:

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

Ministry of Finance and Planning and Development Division:

1. Mr. M. Zafar Mian, FA (Cabinet).
2. Mr. Fakhar Abbas Naqvi, Deputy Secretary (Budget).
3. Dr. M. A. Aghai, Director General (Projects Wing), Planning and Development Division.

59. *Accounts Examined.*—Accounts pertaining to the Cabinet Division were examined by the Committee during the meeting.

CABINET DIVISION

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

1. Mr. Hasan Zaheer, Secretary.
2. Mr. Abdul Hameed, Additional Secretary.
3. Mr. M. Asghar Khan, DG/Joint Secretary.
4. Mr. Muhammad Latif, Section Officer.
5. Mr. Shamshad Ali Rana, Section Officer.

6. Mr. Ghulam Mohiuddin, Controller Stationery and Forms.
7. Syed Alamdar Raza, M.D. (PCP).
8. Mr. Mohammad Usman, Finance Director (PCP).
9. Mr. S.H. Shuja, Section Officer (National Hijra Council).
10. Mr. Maqbool Ahmed Sheikh, Senior Member (FIC).
11. Mr. Abdul Rashid, Assistant Director (DIB).
12. Mr. Muhammad Tufail, Deputy Assistant Director (DIB).

61. This Division controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Cabinet.	1
2.	Cabinet Division.	2
3.	Emergency Relief and Repatriation.	3
4.	Land Reforms.	4
5.	Other Expenditure of Cabinet Division.	5
6.	Stationery and Printing.	15
7.	Capital Outlay on Land Reforms.	132
8.	Development Expenditure of Cabinet Division.	137
9.	Capital Outlay on Works of Cabinet Division.	170
10.	Capital Outlay on New Federal Capital.	171

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1985-86)

62. *Grant No. 1-Cabinet (Page 22-AA).*—The grant closed with an excess of Rs. 42,274. The department had some doubt as to whether certain items of expenditure were debitable to Cabinet Division. The Committee accepted Audit's point of view on the issue and recommended the excess for regularisation through Excess Budget Statement.

63. *Grant No. 2-Cabinet Division (Page 23-AA).*—The grant closed with a saving of Rs. 6,734,496 out of which Rs. 4,000,000 was surrendered in time leaving a net saving of Rs. 2,734,496. The Committee did not make any further observation.

64. *Grant No. 3-Emergency Relief and Repatriation (Page 24-AA).*—Department's explanation for saving of Rs. 14,226,024, out of which Rs. 14,223,071 had been surrendered leaving a net saving of Rs. 2,953 was accepted by the Committee.

65. *Grant No. 4-Land Reforms (Page 25-AA).*—The grant closed with a saving of Rs. 261,065. An amount of Rs. 263,000 was surrendered converting the saving with excess of Rs. 1,935 which was nominal. The Committee did not make any observation.

66. *Grant No. 5-Other Expenditure of Cabinet Division (Page 26-AA).*—The grant closed with a saving of Rs. 36,783,141. The explanation for saving was accepted by the PAC.

67. *Grant No. 15-Stationery and Printing (Page 29-AA).*—The grant showed an excess of Rs. 138,034. There was a certain discrepency about an amount of Rs. 13,000 which had been booked twice. The excess was recommended for regularisation through Excess Budget Statement subject to verification by Audit.

68. *Grant No. 132-Capital Outlay on Land Reforms (Page 30-AA).*—There was a saving of Rs. 35,414,530 out of which Rs. 33,492,300 was surrendered. The net saving of Rs. 1,922,230 was ascribed by the department to receipt of fewer claims than catered for. The explanation was accepted by the PAC.

69. *Grant No. 137-Development Expenditure of Cabinet Division (Page 31-AA).*—The grant closed with a saving of Rs. 2 which was nominal. The Committee made no observation.

70. *Grant No. 170-Capital Outlay on Works of Cabinet Division (Page 33-AA).*—The grant showed a saving of Rs. 80,125,000 which was surrendered by the department. The department explained that the saving occurred because SUPARCO could not utilize the amount as the allocated amount was below its actual requirements. The Committee was not satisfied with the explanation and desired that attempts should be made to utilize the allocated amounts.

71. *Grant No. 171-Capital Outlay on New Federal Capital (Page 34-AA).*—There was no variation under this grant.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII—1985-86)

Federal Publication Branch

72. *Non-Compilation of Accounts (Paras 2-3, page 20-ARPSE).*—Federal Publication Branch had failed to compile its annual accounts for the years 1985-86. The lapse was very seriously viewed by the Committee which directed that the accounts should be completed and provided to audit within one week and such lapses should be avoided in future.

Deputy Controller of Stationery and Forms

73. *Sundry Debtors Rs. 3.567 million (Para 90, page 113-ARPSE).*—Audit had drawn attention to outstanding amounts against Deputy Controller, Stationery and Forms under the head sundry debtors. The total outstanding amount of Rs. 7,909,925 as on 30-6-1986 included amounts outstanding since 1961-62. The departmental representative stated that Rs. 4.34 million had already been recovered and efforts were being made to recover the rest. The Committee was of the opinion that the overall system of adjusting inter-departmental claims was not satisfactory and the role of the Adjuster appointed in the Ministry of Finance was not very effective. The Ministry of Finance was asked to submit a working paper on the functions and difficulties being faced by the Adjuster.

Printing Corporation of Pakistan

74. *Payment of in-admissible incentive bonus Rs. 46,548 (Para 5, pages 25-26-ARPSE).*—Rs. 46,548 were paid by Printing Corporation of Pakistan Press, Lahore to its officers and staff as production bonus during 1982-83. Audit had observed that the payment was not justified as the organization had not achieved the budgeted target. Further while computing the bonus the department had taken into account certain portion of work which was got done from the private sector. The department explained the extremely difficult circumstances being faced by it and sought to establish that in an overall sense the idea of production incentives had proved beneficial.

75. The Committee while regularizing the payment emphasized that the Corporation which was in strong competition with the private sector should be taken into account issues relating to its competitiveness in open market while incurring expenditure on production incentives. It should review the existing procedure of allowing incentives to the employees of PCP and these may be allowed only if the output (which should not include work done outside) is enhanced. Costing system for different processes may be introduced to facilitate computation of correct output incentives.

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

77. The Committee then adjourned to meet again at 9.00 A.M. on Tuesday, the 23rd February, 1988.

ISLAMABAD:
The 10th December, 1992.

KHAN AHMAD GORAYA,
Secretary General.

NATIONAL ASSEMBLY SECRETARIAT

Tuesday, the 23rd February, 1988.
Fifth Sitting (PAC)

78. The Public Accounts Committee assembled at 9.00 A.M. in Committee Room No. 2 of the Parliament House, Islamabad, to continue the examination of the Federal Accounts for 1985-86. The following members attended the meeting :—

Public Accounts Committee:

1.	Sardarzada Muhammad Ali Shah, M.N.A.	*Chairman*
2.	Sardar Asseff Ahmed Ali, M.N.A.	*Member*
3.	Rai Arif Hussain, M.N.A.	*Member*
4.	Ch. Muhammad Sarwar Khan, M.N.A.	*Member*
5.	Nawab Muhammad Yamin Khan, M.N.A.	*Member*
6.	Mr. Miangul Aurangzeb, M.N.A.	*Member*
7.	Mian Muhammad Yasin Khan Wattoo, Minister for Finance.	Ex-Officio *Member*

National Assembly Secretariat:

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

Audit:

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

Ministry of Finance and Planning and Development Division:

1. Mr. Javed Zafar, FA (Health).
2. Mr. Muhammad Hussain, DFA (Health).
3. Mr. S. M. Badrul Hassan, Deputy Secretary.
4. Dr. M. A. Aghai, Director General (Projects Wing), Planning and Development Division.
5. Mr. M. A. Haleem, Deputy Chief (Health), Planning and Development Division.

79. *Accounts Examined.*—Accounts pertaining to the Ministry of Health, Special Education and Social Welfare were examined by the Committee during the meeting.

MINISTRY OF HEALTH, SPECIAL EDUCATION AND SOCIAL WELFARE

80. The Committee took up for its examination, the Appropriation Accounts, Audit Report etc., pertaining to the Ministry of Health, Special Education and Social Welfare. The following departmental representatives were present :—

1. Mr. Fazlur Rehman Khan, Secretary.
2. Prof. Dr. A. J. Khan, Director General (Health).

3. Maj. Gen. (Retd.) Dr. Ali Masud Akram, Chief Executive (PIMS).
4. Syed Naseer Ahmed, D.G./Additional Secretary, Special Education.
5. Dr. Abdul Ghafoor, Executive Director (N.I.H.).
6. Ch. A. A. Mujahid, Director Malaria Control.
7. Mr. Muhammad Yusuf Khan, Deputy Secretary.
8. Dr. Qazi Abdus Saboor Khan, A.D.G. (Health).
9. Mr. Mihr Khan, Section Officer (F & A).
10. Mr. A. Rahim Mian, Health Engineering Advisor.

81. This Ministry controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Health Division.	65
2.	Medical Services.	66
3.	Public Health.	67
4.	Special Education and Social Welfare Division.	68
5.	Other Expenditure of Special Education and Social Welfare Division.	69
6.	Development Expenditure of Health Division.	152
7.	Development Expenditure of Special Education and Social Welfare Division.	153

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1985-86)

82. *Grant No. 65—Health Division (Page 184-AA).*—The grant closed with a saving of Rs. 59,341 which was nominal. The Committee made no observation.

83. *Grant No. 66—Medical Services (Pages 185-86-AA).*—Against the final grant figure of Rs. 296,179,000 the actual stood at Rs. 249,602,390. The grant was as such under-utilized by Rs. 46,576,610. Bulk of under-utilization was in the area of purchase of medicine. The Committee was not satisfied by the departmental explanation. It felt that certain key sectors like health were facing very tough competition for allocation of funds. As a general pattern budgetary provisions for such sectors were inadequate. This in the health sector was evidenced by the plight of Central Government Employees working in areas other than the Federal Capital Area. Huge savings in such grants, even if the net saving after surrender was within 5% of the allocation, were a cause of serious concern.

84. The departmental representative explained that a certain level of saving/excess was inherent in the system because of imponderables like price escallation and that the new orders under which surrender date of unconsumable allocation had been advanced from 31st March to 15th May would help to a streamline fund management to a considerable extent.

85. The Committee being un-satisfied with the explanation desired that all Ministries/ Divisions should be informed that a general explanation to the effect that the overall saving was within 5% of the allocation will not be considered an acceptable justification. Every saving/excess irrespective of the amount involved will have to be explained and each case will be decided on its merits.

86. The Committee also discussed the procedure and policy regarding purchase and manufacture of drugs in Pakistan and desired that a report on policy issues regarding manufacture of drugs/medicines and setting up of Federal Government Hospitals/Dispensaries in the country be submitted within one month.

(i) *Grant No. 67—Public Health (Pages 187-AA)—*

(ii) *Grant No. 68—Special Education and Social Welfare Division (Page 188-AA)—*

(iii) *Grant No. 69—Other Expenditure of Special Education and Social Welfare Division— (Page 189-AA)—*

87. The Committee did not make any further observation.

88. *Grant No. 152—Development Expenditure of Health Division (Pages 190-191-AA)*—The grant closed with an excess of Rs. 46,261,649. The excess was ascribed to non-provision in the budget for Japanese aid on construction of Medical Institute and College of Nursing I.H.C. Islamabad. No clear instructions on how such aid should feature in the budget/accounting system were available. The Committee was informed that the matter was under review by the Ministry of Finance. The Committee decided that while adequate instructions should be developed to prevent such anomalies, the amount of Rs. 46,261,649 which had appeared as an excess in Appropriation Accounts should be regularized through Excess Budget Statement.

89. While generally reviewing the utilization of the Development Expenditure of health Division, members of the Committee expressed concern over the inadequate services available in the Basic Health Units and recommended that equipment/facilities on which Federal money was spent (but utilization was made by Provincial Governments) should be given where adequate staff is available to ensure proper utilization.

90. *Grant No. 153—Development Expenditure of Special Education and Social Welfare Division (Page 192-AA).*—The Committee did not make any observation.

AUDIT REPORT (CIVIL) (VOL. I—1985-86)

Performance Audit Report of Islamabad Hospital Project

91. *Pakistan Institute of Medical Sciences (Islamabad Hospital Project) (Paras 1—9, pages 95—113-AR).*—Presentation highlighting lack of planning, supervision of project through an Engineering Advisor rather than PWD, inadequate estimates and BOQ's, deficiencies in the performance of consultants appointed without technical proposal was made by the Audit representatives. The departmental representative explained that the idea of the project had grown from a modest project for construction of Ward blocks to the creation of a prestigious centre of excellence. Management/execution of the project in its initial stages faced problems because of lack of technical expertize within the country. It was emphasized that the project has out-grown the inception problems and its development in the post 1981 was very encouraging.

92. The Committee felt that it needed further review of the manner in which the project was handled before it could finalize its recommendations. The specific irregularities like award of airconditioning work to a non qualified firm, payment of surcharge on kitchen equipment as pointed out by Audit would also come under review of the Committee.

Performance Audit Report of Malaria Control Programme District Gujrat

93. *Malaria Control Programme (Paras 1.1—9.8, pages 121—164-AR).*—A performance report evaluating the effectiveness of Malaria Control Programme on which the Federal Directorate of Malaria Control had spent Rs. 342.15 million during 1981—85 was presented by Audit representative. The conclusions drawn by Audit were that the objectives of Malaria eradication or control were not achieved due to inadequate supervision and control of the Directorate. The departmental representative disagreed with the above conclusion and pointed out that the objective of Malaria "Control" (as against the unrealistic objective of "eradication") had been very satisfactorily achieved. He emphasized the

regional nature of the problem and argued that Pakistan's performance was much better than the neighbouring countries. Assessment of the Internal Review Team had remained positive. The Committee was satisfied with the explanation.

94. *Purchase of sub-standard/defective material worth Rs. 19,137,656 (Para 8 (a) (Annex-V), page 161-AR).*—While reviewing certain observations regarding purchase of sub-standard/defective material, the Committee desired that since the purchases were managed by Ministry of Industries, the Audit observation may be discussed when the accounts of the Ministry of Industries come under review of the PAC.

95. *Points not discussed to be treated as settled.*—The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Ministry of Health, Special Education and Social Welfare. These would be treated as settled subject to any action as may be necessary under the rules.

96. The Committee then adjourned to meet again at 9.00 A.M. on Wednesday, the 24th February, 1988.

ISLAMABAD :
The 10th December, 1992.

KHAN AHMAD GORAYA,
Secretary General.

NATIONAL ASSEMBLY SECRETARIAT

Wednesday, the 24th February, 1988.
Sixth Sitting (PAC)

97. The Public Accounts Committee assembled at 9.00 A.M. in Committee Room No. 2 of the Parliament House, Islamabad, to continue the examination of the Federal Accounts for 1985-86. The following members attended the meeting:—

Public Accounts Committee:

1. Sardarzada Muhammad Ali Shah, M.N.A. — *Chairman*
2. Sardar Asseff Ahmed Ali, M.N.A. — *Member*
3. Rai Arif Hussain, M.N.A. — *Member*
4. Ch. Muhammad Sarwar Khan, M.N.A. — *Member*
5. Nawab Muhammad Yamin Khan, M.N.A. — *Member*
6. Mr. Miangul Aurangzeb, M.N.A. — *Member*

National Assembly Secretariat:

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

Audit:

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

Ministry of Finance and Planning and Development Division:

1. Mr. S. M. Hasan, FA (Education).
2. Mr. I. A. Saeed, DFA (Education).
3. Dr. M. A. Aghai, Director General (Projects Wing), Planning and Development Division.
4. Mr. Iftikhar Ahmed Qureshi, Deputy Chief (Education), Planning and Development Division.

98. *Accounts Examined.*—Accounts pertaining to the Ministry of Education were examined by the Committee during the meeting.

MINISTRY OF EDUCATION

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

1. Dr. S. M. Qureshi, Secretary.
2. Lt. Gen. (Retd.) Mujib-ur-Rehman Khan, Chairman (LAMEC).

3. Dr. K. H. Bokhari, Joint Secretary.
4. Mr. Iqbal Ahmed, Joint Secretary.
5. Mr. Abdullah Khadim Hussain, Joint Educational Adviser.
6. Mr. I. H. Abbasi, Joint Educational Adviser.
7. Mr. Munir Ahmed, Joint Educational Adviser.
8. Mr. Jafar Raza, Joint Educational Adviser.
9. Mr. S. Muhammad Ali Rizvi, Section Officer (F & A).
10. Mr. W. M. Zaki, Managing Director (National Book Foundation).
11. Brig. Muhammad Ali, Director FGEI, (Cantts and Garrisons).
12. Mr. Illahi Bukhsh, Deputy Director, F.G.E.I. Islamabad.

100. This Ministry controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Ministry of Education.	34
2.	Education.	35
3.	Federal Government Educational Institutions in the Capital and Federal Areas.	36
4.	Federal Government Educational Institutions in Cantonments and Garrisons.	37
5.	Development Expenditure of Ministry of Education.	145

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I-1985-86)

(i) *Grant No. 34—Ministry of Education (Page 102-AA)—*

(ii) *Grant No. 35—Education (Page 103-AA)—*

(iii) *Grant No. 36—Federal Government Educational Institutions in the Capital and Federal Areas (Page 104-AA)—*

(iv) *Grant No. 37—Federal Government Educational Institutions in Cantonments and Garrisons (Page 105-AA)—*

(v) *Grant No. 145—Development Expenditure of Ministry of Education (Page 106-AA)—*

101. All the grants controlled by the Ministry of Education closed with saving. The Committee expressed its concern that the minimum allocations made to Education were not being fully utilized. The departmental representative told the Committee that he shared this concern and would make every effort for full utilization of the grants.

102. While discussing Development Expenditure of the Ministry of Education (Grant No. 145), the issue of accounting/budgeting of projects financed through foreign aid was also discussed. It appeared that both the Provinces and the Centre were reluctant to inflate their ADPs by incorporating tied project aid in their respective ADPs. The Committee was informed that the matter was under resolution by the Ministry of Finance.

AUDIT REPORT (CIVIL WORKS) (VOL. II—1985-86)

Balochistan Engineering College, Khuzdar

103. *Non-accountal of Rs. 34.5 million (Para 5.1.1 page 52—ARCW).*—It was observed during a special Audit of accounts pertaining to Balochistan Engineering College, Khuzdar (a project

financed by Federal Government) that huge funds had been kept in 19 different accounts by purchasing FDRs. Proper accounts for encashment of FDRs and accountal of interest were not maintained. The Committee was concerned about the manner in which Federal funds were handled and not satisfied with the departmental explanation.

104. The Committee directed that a meeting of Board of Governors of the College be convened immediately and it should decide all issues of fixation of responsibility/action against responsible people within ten days.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII—1985-86)

National Book Foundation

105. *Working results of the Foundation (Para 188, page 186—ARPSE).*—The working results of the National Book Foundation were discussed. The Committee was not satisfied with the performance of the Foundation, it however agreed with the departmental representative that the Foundation could play a very useful role and suggested that efforts by the Ministry to reorientate the organization back to its original objectives should be supplemented by patronage in the form of exemption from import duty on books. The Committee also desired that Audit may carry out a performance evaluation of the Organization.

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

107. The Committee then adjourned *sine die*.

KHAN AHMAD GORAYA,
Secretary General.

ISLAMABAD :
The 10th December, 1992.

NATIONAL ASSEMBLY SECRETARIAT

Tuesday, the 14th March, 1989.
Seventh Sitting (PAC)

108. The newly constituted Public Accounts Committee held its First Session at 10.00 A.M. in Committee Room No. 2 of the Parliament House, Islamabad to examine the Federal Accounts for 1985-86. The following members attended the meeting :—

Public Accounts Committee:

1.	Mr. Hakim Ali Zardari, M.N.A.	*Chairman*
2.	Syed Tasneem Nawaz Gardezi, M.N.A.	*Member*
3.	Syed Parvez Ali Shah Jillani, M.N.A.	*Member*
4.	Sardar Muhammad Muqeem Khan Khoso, M.N.A.	*Member*
5.	Sardar Ashiq Muhammad Khan Mazari, M.N.A.	*Member*
6.	Dr. Mehboob-ur-Rehman, M.N.A.	*Member*
7.	Mr. Ihsan-ul-Haq Piracha, Minister of State for Finance.	*Ex*-Officio *Member*

National Assembly Secretariat:

1. Mr. K. M. Chima, Secretary.
2. Mr. Moqimuddin, Deputy Secretary.
3. Mr. Mulazim Hussain Kazmi, Officer on Special Duty (PAC).

Audit:

1. Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
2. Syed Iftikhar Shabbir, Deputy Auditor-General (GA).
3. Mr. A. A. Zaidi, Director General (GA).
4. Sh. Muhammad Sadiq, Accountant General Pakistan Revenues.
5. Mr. M. Zulqarnain Qureshi, Director General Audit (Federal Govt.).
6. Mr. Nayyar Bakht, Director General, Railway Audit.

Ministry of Finance and Planning and Development Division:

1. Dr. M. A. Aghai, Director General (Projects Wing), Planning and Development Division.
2. Mr. Hamid Akhtar Niazi, F. A. (Communications).
3. Mr. Naveed Hasan, F.A. (Religious Affairs and Minorities Affairs).

109. *Accounts Examined.*—Accounts pertaining to the following Ministries were examined by the Committee during the meeting:—

1. Ministry of Religious Affairs and Minorities Affairs.
2. Council of Islamic Ideology.
3. Ministry of Railways.

MINISTRY OF RELIGIOUS AFFAIRS AND MINORITIES AFFAIRS

110. Since Secretary of the Ministry, who is also the Principal Accounting Officer, was not present, the Chairman deferred consideration of its accounts and directed that Secretary himself should be present before the Committee.

COUNCIL OF ISLAMIC IDEOLOGY

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

1. Syed Safdar Ali Shah, Secretary.
2. Mr. M. Subhan Khan, Admn. Officer.

112. This Council controlled Grant No. 111—"Advisory Council for Islamic Ideology".

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1985-86)

113. *Grant No. 111—Advisory Council for Islamic Ideology (Page 299-AA).*—While accepting justification for the saving, the Committee observed that there appeared to be no reason for not surrendering the saving well in time: The Committee also directed that departments should be more careful in this regard in future.

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

MINISTRY OF RAILWAYS

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

1. Mr. H. A. Majeed, Chairman/Secretary.
2. Mr. Muhammad Ashraf Sheikh, Member/Additional Secretary.
3. Syed Zahoor Ahmad, Member/Additional Secretary.
4. Mr. K. A. Khurshid, Member/Additional Secretary.
5. Mr. S. M. Wahid-ud-Din, General Manager.
6. Mr. K. N. Cheema, Member Finance/Additional Secretary.
7. Mr. Z. H. Bokhari, Director Finance.
8. Mr. Khalid Rashid, F.A. and C.A.O.
9. Mr. S. Naqi Mohsin, F.A. & CAO (Project).
10. Syed Jamil Ahmad Zaidi, F.A. & CAO (Internal Audit).
11. Mian Muhammad Ashiq, Chief Engineer.
12. Mr. Muhammad Sarwar, Chief Controller Stores.

116. This Ministry controlled the following grants :—

S. No.	Name of Grant	Grant No.
Civil		
1.	Capital Outlay on Investment in Railways.	135
2.	Capital Outlay on Pakistan Railways.	186
Pakistan Railways		
1.	Pakistan Railways.	109
2.	Other Capital Expenditure of Pakistan Railways.	136
3.	Capital Outlay on Pakistan Railways.	186

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1985-86)

117. *Grant No. 135—Capital Outlay on Investment in Railways (Page 338-AA).*—Saving of Rs. 33,598,811 which comes to 45% of the total grant was due to less than anticipated amount of repayment of loans by the Economic Affairs Division. The amount could not be surrendered as timely information was not available with the Ministry of Railways. Considerable discussion took place on the issue as to which agency, *i.e.* EAD or the Administrative Ministry of Railways, was responsible for the saving and lack of timely surrender. The Committee viewed it as a very poor case of lack of coordination between two agencies responsible for controlling public funds. It felt that such wastages could easily be avoided through regular review meetings. It also directed that the officers responsible for the negligence be called upon to explain their conduct.

118. *Grant No. 186—Capital Outlay on Pakistan Railways (Page 339-AA).*—There was a saving of Rs. 14,210,000 against a grant of Rs. 1,045,540,000. The Committee did not make any observation.

APPROPRIATION ACCOUNTS (PAKISTAN RAILWAYS) (VOL. V—1985-86)

119. *Grant No. 109—Pakistan Railways (Pages 10-11-AA—Railways).*—There was excess of Rs. 2,586,842 against the "Charged" portion of the grant. Since the reasons for the excess could not be adequately explained before the Committee, it was decided that Ministry of Railways and Finance Division should submit a brief explaining the excess so that the Committee can consider it for regularisation through Excess Budget Statement.

120. The Committee did not make any comment on the saving on the "other than charged" portion of the grant.

121. *Grant No. 136—Other Capital Expenditure of Pakistan Railways (Page 12-AA—Railways).*—While there was no saving on the "charged" portion of grant, the other than "charged portion" of the grant showed a saving of Rs. 18,156,706 which was 25% of the grant. It was observed that the main purpose of the grant was provision of facilities to the passengers. While showing its disappointment over the saving in such a crucial field and attributing the saving to lack of effort, the Committee decided to accept the departmental explanation, on the Principal Accounting Officer's assurance that all efforts would be made to show an improved position in the coming years.

122. *Grant No. 186—Capital Outlay on Pakistan Railways (Page 13-AA—Railways).*—There was an excess of Rs. 129,409,383. It was explained by the departmental representative that instead of German Mark, calculation pertaining to a major purchase was erroneously based on U.S. Dollars. While conveying its frustration at such an elementary lapse, the Committee recommended regularization of the excess.

AUDIT REPORT (PAKISTAN RAILWAYS) (VOL. VI—1985-86)

123. *Infructuous Expenditure of Rs. 1.261 million (Para 6.1, page 105-AR—Railways).*—Audit reported that Chairman Railways Board during his visit to Multan, in July, 1983, ordered for the provision of repair and maintenance facilities for Steam Engines proposed to be transferred from Kundian. However, three months later the idea of transferring locomotives was dropped and orders were issued to stop already completed work. Hence, the expenditure of Rs. 1.261 million became infructuous. It was explained by the departmental representative that there was no infructuous expenditure as repair and maintenance facilities for Steam Engines provided at Multan were partly utilized and the remaining facilities will be fully utilized. On the personal assurance of the Principal Accounting Officer that the facilities would be fully utilized, no further observation was made by the Committee.

124. *Wasteful Expenditure of Rs. 663,000 on the execution of a work (Para 6.2, pages 105-106-AR—Railways).*—Audit had observed that, with the declared objective of coping with general increase in traffic and establishment of a Sugar Mill, a work for providing additional facilities at Shah Nawaz Bhutto Railway Station was approved in 1975—77 at a cost of Rs. 1.68 million. The work was undertaken in October, 1978 and the structural portion costing Rs. 0.6 million was completed in June, 1979. However, the work was abandoned later on, as it was found that existing arrangements were quite adequate to cope with actual requirements, resulting in undue waste of public money.

125. It was explained by the departmental representative that the work could not be continued for want of P-way and signalling material. Further during the period not only the cost escalated but the road transport including NLC captured major portion of the Railway Traffic which made the project financially unviable. This work will form a part of the main scheme of providing of standard-III signalling being proposed in the 7th Five Year Plan in which entire Habib Kot—Dadu—Kotri will be upgraded as alternate main line. As such the expenditure already incurred will not go waste. On this explanation the Committee dropped the paragraph.

126. *Wasteful Expenditure of Rs. 124,175 (Para 6.3, page 106-AR—Railways).*—The Audit pointed out that the work for conversion of Makhdoom Sahib (Halt) into 'D' class Station was approved in 1979-80. After spending a sum of Rs. 124,175, the work was dropped because the feasibility of the project had not been properly examined. The departmental representative explained that on the persistent demand of the residents of the area, the proposal was examined in 1969-70 and was found viable. However, the project was again re-examined in 1973-74 and found unjustified on account of escalation of prices during the intervening period. The upgradation of the station was, however, again justified in March, 1978. Thus the work was stopped to avoid further expenditure. The PAC conveyed its displeasure and directed the department to improve its efficiency to avoid wasteful expenditure in future. The Committee dropped the paragraph.

127. The Committee decided to defer to its next session consideration of the remaining paras of Audit Report (Railways) for 1985-86.

128. The Committee then adjourned to meet again at 9.30 A.M. on Wednesday the 15th March, 1989.

KHAN AHMAD GORAYA,
Secretary General.

ISLAMABAD :
The 10th December, 1992.

NATIONAL ASSEMBLY SECRETARIAT

Wednesday, the 15th March, 1989.
Eighth Sitting (PAC)

129. The Public Accounts Committee assembled at 9.30 A.M. in Committee Room No. 2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1985-86. The following members attended the meeting :—

Public Accounts Committee:

1. Mr. Hakim Ali Zardari, M.N.A. — *Chairman*
2. Syed Tasneem Nawaz Gardezi, M.N.A. — *Member*
3. Syed Parvez Ali Shah Jillani, M.N.A. — *Member*
4. Sardar Ashiq Muhammad Khan Mazari, M.N.A. — *Member*
5. Dr. Mehboob-ur-Rehman, M.N.A. — *Member*

National Assembly Secretariat:

1. Mr. K. M. Chima, Secretary.
2. Mr. Moqimuddin, Deputy Secretary.
3. Mr. Mulazim Hussain Kazmi, Officer on Special Duty (PAC).

Audit:

1. Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
2. Syed Iftikhar Shabbir, Deputy Auditor-General (GA).
3. Mrs. Suraiya Hafeez, Deputy Auditor-General (CA & E).
4. Mr. A. A. Zaidi, Director General (GA).
5. Sh. Muhammad Sadiq, Accountant General, Pakistan Revenues.
6. Mr. Fazl-ur-Rehman, Director General (CA).
7. Ch. Fazal Ahmad, Director General (PEC).
8. Mr. Nayyar Bakht, Director General, Railway Audit.
9. Mr. Muhammad Saleem, Director, Railway Audit.

Ministry of Finance and Planning and Development Division:

1. Mr. Ahmed Shamsul Huda, Joint Secretary (Expenditure).
2. Dr. M. A. Aghai, Director General (Projects Wing), Planning and Development Division.
3. Mr. Nasim Ahmed, F.A. (Culture, Tourism, Economic Affairs and Commerce).
4. Mr. S. A. Aziz, DFA (Culture, Tourism, Economic Affairs and Commerce).
5. Mr. Raza Ashraf, DFA (Cabinet Secretariat).

130. *Accounts Examined.*—Accounts pertaining to the following Ministries/Divisions were examined by the Committee during the meeting:—

1. Ministry of Railways (Remaining portion).
2. Culture, Sports and Youth Affairs Division.
3. Tourism Division.
4. Establishment Division.
5. Economic Affairs Division.
6. National Assembly Secretariat.
7. Senate Secretariat.

8. President's Secretariat (Public & Personal).
9. Prime Minister's Secretariat (Public & Internal).
10. Prime Minister's Inspection Commission.
11. Management Services Division.
12. Women's Division.
13. Ministry of Commerce.

MINISTRY OF RAILWAYS

131. The Committee took up for its examination the remaining portion of Audit Report and Performance Audit Report etc. pertaining to the Ministry of Railways. The following departmental representatives were present :—

1. Mr. H. A. Majeed, Chairman/Secretary.
2. Mr. Muhammad Ashraf Sheikh, Member/Additional Secretary.
3. Syed Zahoor Ahmad, Member/Additional Secretary.
4. Mr. K. A. Khurshid, Member/Additional Secretary.
5. Mr. K. N. Cheema, Member Finance/Additional Secretary.
6. Mr. S. M. Wahiduddin, General Manager.
7. Mr. S. Z. H. Bokhari, Director Finance.
8. Mr. Khalid Rashid, F.A. & C.A.O.
9. Syed Jameel Ahmad Zaidi, FA & CAO (Internal Audit and MOD).
10. Mr. S. Naqi Mohsin, FA & CAO (Projects).
11. Mr. M. Ziaullah, C.M.E.
12. Mr. A. Mahfuz Khan, CEN (Signals).
13. Mr. Muhamamd Sarwar, CCS.
14. Mr. Muhamamd Ashiq, CEN.

AUDIT REPORT (PAKISTAN RAILWAYS) (VOL. VI—1985-86)

132. *Blocking of Capital of Rs. 1.068 million (Para 6.4, pages 106-107-AR—Railways).*—Audit pointed out that in 1966-67, remodelling of a yard at a cost of Rs. 1.068 million was approved. The work was started in 1973 but has not yet been completed. Rs. 1.00 million had been spent upto 1982-83 on structural portion of the work. Later on the scheme (remodelling) was left incomplete resulting in blockage of Capital. The departmental representative replied that re-modelling of Shorkot Cantt. Yard was examined and project sanctioned in the year 1966-67 on the basis of increased traffic forecast on Shorkot—Faisalabad, Shorkot—Jaranwala, Shorkot—Jhang and Shorkot—Khanewal sections. This being a busy Yard, its remodelling for provision of adequate reception, despatch and marshalling facilities were essential. The remodelling of the Yard is still a necessity, but due to acute stringency of funds, further work could not be continued. The completed structural works *i.e.* staff quarters have already been put to use and C&W store was also used. The scheme will be revived as and when the financial position of the Railways improves. The Committee directed that works taken in hand should not be abandoned in future till they are completed. It further desired that the Auditor-General should keep an eye on such works and report to Committee when necessary.

133. *Blocking of Capital of Rs. 689,171 due to delay in the execution of work (Para 6.5, page 107-AR—Railways).*—Audit pointed out that a scheme for providing standard-III signalling at 6 stations on a section was sanctioned at an estimated cost of Rs. 3.922 million in 1978-79. Work was completed in three stations which were opened for traffic. While structural works in rest of the three stations were done at a cost of Rs. 689,171 in 1980-81, the work is yet to be completed. The departmental representative informed the Committee that the provision of standard-III signalling was sanctioned in 1978-79 at six stations *i.e.* Mian Shamir, Makhdumpur Pahoran, Jan Muhammad Wala, Abdul Hakim, Darkhana and Jarala on Khanewal—Shorkot Cantt. section under a phased programme, according to the availability of funds. Mian Shamir, Jan Muhammad Wala and Jarala have since been put into use.

Work at Makhdumpur Pahoran and Abdul Hakim has also been completed. Signalling work at Darkhana is in progress and will be completed in due course. On the assurance of the departmental representative that in addition to the three stations already opened to traffic the remaining three stations would also be opened by the end of March, 1989. The Committee directed that a report of the completion of the balance work must be submitted. Subject to verification by Audit, the Para was settled.

134. *Mis-appropriation of stone ballast costing Rs. 1.725 million (Para 6.6, pages 107—109-AR—Railways).*—According to Audit, work for 33 KM complete track renewal at a cost of Rs. 62.8 million was approved in 1984. Revised estimates were prepared in 1985 by which a quantity of 37,000 cft of ballast per KM to be laid in track was increased to 49,500 cft per KM. Actual utilisation as shown substantially exceeded estimates which leads to the suspicion that public money was misappropriated by officials in connivance with contractor. Departmental plea that increase was due to utilisation of thicker sleeper was not correct because Railway Administration was well aware that thicker sleepers were to be used. It was also pointed out that despite apparent involvement of an officer in this case of misappropriation and other similar case in the past, he had been regularly promoted. The PAC directed the department to submit a detiled report in the case after verifying the facts. The Principal Accounting Officer personally undertook to provide complete details. The para was deferred till pending receipt of the report.

135. *Excess payment/mis-appropriation of stone ballast costing Rs. 175,000 (Para 6.7, page 109-AR—Railways).*—In this para, Audit reported that out of 469,895 cft of stone ballast despatched from Shahinabad, 377,616 cft was received at destination but contractor was paid according to despatched quantity resulting in excess payment. In reply the Ministry had informed that a joint fact finding inquiry was conducted in November, 1986 to determine the factual position. Subsequently as a result of discussion with D.G.R.A., a fresh inquiry was conducted. The inquiry report was submitted to the General Manager who has raised the level of the inquiry. Deputy C.E.N./Track and Deputy CAO/GB have been ordered to submit the result of the inquiry within one month. Action will be taken against the defaulters on receipt of the findings of the fresh inquiry. The Committee directed that the inquiry report and details of its follow up action be submitted in the next meeting.

136. *Non-accounting of material (Para 6.8, page 109—AR—Railways).*—Audit pointed out that there was variation in the quantities of material issued for repairs in the books of accounts and Daily Issue Register. It was held by Audit that material worth Rs. 45,882 was not accounted for. Inquiry was held but recovery was yet to be made from the official held responsible. The Ministry replied that the inquiry for excess issue of construction materials by Mr. Ikramul Haq, I.O.W., Nowshera was conducted by the Assistant Engineer, Nowshera and Assistant Accounts Officer, Peshawar Cantt. The inquiry Committee held Mr. Ikramul Haq responsible for excess issue of the materials. The findings of the inquiry were accepted by D.S. Peshawar Cantt and result thereof communicated in May, 1987. Mr. Ikramul Haq has been served with the charge sheet and disciplinary action under E&D Rules is in process. The Committee directed that result of the inquiry be intimated to Audit.

137. *Embezzlement of Rs. 348,000 at a station (Para 6.9, pages 110-111—AR—Railways).*—Audit reported that a goods clerk embezzled Rs. 348,000 during 1978 to August, 1983. Though the official retired in March, 1983, yet he was allowed to work on the same position till August, 1983. The irregularity could not be detected though regular inspections of the station accounts were conducted during the period. Recovery could not be made from the clerk as case was sub-judice. Though seven accounts officials were held responsible yet adequate and immediate action was not taken. Besides, no action was taken against Supervisory Officials *i.e.* Station Master and Goods Inspector. Railways in reply stated that:—

(i) The Railway Administration has gone in the Court of Law for the recovery of the amount involved and all the concerned station staff has since retired and the Railway Administration has filed a suit in the Court of law aginst them. As such no action can be

taken till the decision of the case. The Accounts Office Staff concerned has been awarded suitable punishment by the competent authority.

(ii) The Accounts Office have since issued the necessary instructions to the Inspectorate staff and the internal checking in Accounts Office has already been intensified. Moreover, the regular inspections are being conducted by the Officers and the subordinate incharges of Peshawar Division which will also help the non-recurrence of such instances in future.

It was directed by the Committee that the working system should be tightened up. Departmental action be taken against the individuals as the court has not taken any action against them and result intimated to Audit.

138. *Avoidable expenditure of Rs. 155,500 on the employment of the Staff (Para 6.12, pages 113-114—AR—Railways).*—Audit pointed out that Traffic remained suspended from May, 1985 to August, 1986 on Bostan-Zhob Section as three bridges were burnt. The staff working on the section remained idle. Instead of utilising idle staff, 18 additional Muawins were appointed in June, 1985 and Rs. 155,500 were incurred on their salary during the period which could have been avoided. The Committee observed that this position was indicative of the general over-employment in Railways where a large number of people were employed without doing any productive work or salaries were drawn without people being actually employed. The Committee desired that the Ministry should itself set up a Committee to determine the level of over-employment and recommend measures to avert this situation. The report should be submitted to the PAC, as soon as the assignment was completed.

139. *Irregular Recruitment of Staff (Para 6.14, page 115—AR—Railways).*—According to Audit, initial appointment of 3,857 personnel was made during 1986 on the orders of Minister/Minister of State for Railways without following prescribed procedure of recruitment. These appointments need to be reviewed. The departmental representative explained that relaxation of the Railway Board was obtained in such cases. On this it was directed by the Chairman that a province-wise and district-wise list of individuals, recruited in 1986 should be presented in the next meeting.

140. *Wasteful Expenditure of Rs. 300,296 on the purchase of defective material (Para 6.15, page 115-116—AR—Railways).*—Audit pointed out that 15 Torque control wrenches were purchased for Rs. 300.296 from the local agent of a foreign firm in 1977. The Firm's Engineer came to Pakistan to demonstrate the performance of the equipment which failed to give the desired results. The equipment was taken back by the Agent in November, 1978 and is yet to be returned. The departmental representative explained that on failure of the Firm to return the wrenches or as promised to replace/rapair them, action for recovery of the amount was initiated. The case is in the court pending decision. The Committee directed that general instructions be issued for obtaining Bank Guarantees and Performance Bonds in future to cover the risk in such purchases.

141. *Undue/excess payment of Rs. 0.77 million to K.P.T. due to negligence (Para 6.18. page 117—AR—Railways).*—Audit pointed out that Railway Administration paid excessive rental charges to K.P.T. for the period 1970 to 1982 amounting to Rs. 0.77 million which were not due. Amount was yet to be recovered. The departmental representative stated the amount due to K.P.T. has been withheld for arriving at a settlement. The Committee settled the para subject to verification by Audit.

142. *Non-recovery of Rs. 1.299 million due to non-execution of agreement (Para 6.20, pages 118-119—AR—Railways).*—Audit reported that Railway acquired from CDA 7 Acres of land on lease in 1974 which was sub-leased to an oil company. Neither an agreement was executed nor rent was demanded for 9 years. When the rent was finally assessed, the firm paid rent for the entire period at a flat rate resulting in a loss of Rs. 1.3 million to Railways which was due to non-execution of agreement and non-assessment of rent in time. The departmental representative under-took to report to the Committee results of meeting with the company scheduled for 20-3-1989 in which question of execution of a proper agreement was also to come up for discussion. The Committee directed that the out come of

the meeting be made available in the next meeting and directed that a proper agreement be executed with the oil company.

143. *Non-recovery of freight & demurrage charges Rs. 1.05 million (Para 6.21, page 119—AR—Railways).*—According to Audit a party booked two Wagons for export of textile garments from Karachi to Kuhi-Taftan in 1981. The wagons were not delivered at destination due to a dispute between the merchant and the Customs Department. Later on the consignment was given to customs authorities with the undertaking that freight and demurrage charges would be paid to Railways by Customs Department by sale of garments. The amount has not been recovered despite lapse of 5 years. The departmental representative explained that after long drawn efforts, Custom Authorities took over the delivery of the consignment with the promise to pay the Railway dues, but later on they became reluctant to do so. The divisional authorities have taken up the case with the Custom Collector, Quetta to settle the issue. A sum of Rs. 349,049 has already been paid to the Railways. Efforts are being made to recover the ramaining amount from the Custom Authorities and the result will be intimated to Audit. The Committee directed the Railways to approach the Custom authorities to resolve the issue. Position of recovery be also intimated to Audit. Para was settled.

144. *Shortage of material worth Rs. 888,000 (Para 6.26, page 122—AR—Railways).*—Audit pointed out that an Accounts Stock Verifier noticed shortages of various items of electric stores valuing Rs. 888,000 in 1979. A case was also registered with Railway Police but with no result. The departmental representative explained that actually the shortage was to the extent of Rs. 0.062 million and not of Rs. 0.88 million. It was also pointed out by the Audit representative that the department is very sluggish in its response to its own internal check on the stock verification. Timely response is likely to pay good dividends. The departmental representative acknowledged the observation and undertook to tighten up the system. The para was settled.

145. *Shortage/misappropriation of Railway material costing Rs. 147,486 (Para 6.28, page 123—AR—Railways).*—Audit reported that an Engineeting subordinate did not hand over charge of stores on transfer. A Special Stock Verification revealed a shortage of stone ballast and pitching stone worth Rs. 147,486. Disciplinary action against the responsible official has not been finalised despite lapse of three years. The departmental representative explained that Mr. Ihsanul Haq *Ex*-IOW/Gujar Khan was responsible for the shortage of 49563 Cft of ballast and 70556 Cft of pitching stone. Action against him has been initiated under the Efficiency and Discipline Rules. The Committee directed that timely stock verification of stores should be ensured in all transfer cases and the para was settled subject to verification by Audit.

146. *Irregular Expenditure of Rs. 6.01 million (Para 6.32, page 125-AR—Railways).*—Audit pointed out that Railcop pourchased a house at Islamabad at cost of Rs. 3 million in 1986. An additinal expenditure of Rs. 0.76 million was incurred on alterations and additions for use by the Minister. Similarly certain company vehicles also remained at the disposal of the Minister. Audit also observed that none of the above was a legitimate expense of the Railcop. The Committee asked for details from the Railway authorites about profit earned by Railcop in Saudi Arabia and further observed that the significant issue was that the accounts of Railcop should come under perview of the Auditor-General and profits earned should be invested properly. The para was settled.

147. *Irregular Expenditure of Rs. 100,662 (Para 6.33, page 126—AR—Railways).*—Audit pointed out that Railcop had expanded Rs. 44,352 for payment of residential telephone bills of a Minister for the period 1983 to 1985 and Rs. 56,310 for payment fee of a consultant for conducting study and doing preliminary work on setting up of a Railway Foundation. It was held that such expenditure was neither Company's liability nor in line with Company's objectives. It was directed that the expenditure should be borne by the Railways Ministry as it was not Company's liability.

148. *Irregular appointment of an officer after superannuation (Para 6.34, pages 126-127-AR—Railways).*—According to Audit, a BPS-19 officer was sent on deputation to PRACS

(Pakistan Railway Advisory and Consultancy Services) where he retired on 15th March, 1981, as Secretary, and was paid pension. He continued to hold the post of Secretary till his services were terminated on 31-12-1985. His appointment was held irregular by Audit because sanction of the President was not obtained for re-employment. It was explained that Pakistan Railway Advisory and Consultancy Services was established in 1976 with an initial investment of Rs. 0.5 million. The officer was kept engaged for five years because of his experience. The Committee directed the Department to submit a detailed report on this case after fixing responsibility for irregular action.

149. *Performance Audit Report on Telecommunication and related Signalling Project (Para 3.1.1—3.9.2, pages 19—48—AR—Railways).*—Audit while reporting overall assessment of the project intimated that projecting the increase in traffic by the eighties, Pakistan Railways realised that its existing telecommunication system would not be able to cater to its expansion requirements. It conceived a new system based on Microwave net work in 1977. The objective was to regulate train operations, to give advance information regarding wagon destinations, to establish an effective administrative control on train operation and to provide a base for future development in the field of computerised wagon control, seat reservation etc.

150. The feasibility of the project was based on the estimation that Pakistan Railways would be required to handle 12.6 billion tonne-kilometers of goods traffic and 15.4 million passenger kilometers during 1982-83. These figures were further estimated to increase by 5% and 3% annually thereafter throughout the life of the project. The actual goods traffic of 1982-83 came to 7.3 billion tonne-kilometers, a short fall of 42% from the projected figure of 12.6 billion tonne-kilometers. The project as such becomes questionable even in terms of its own feasibility study. Further a sophisticated microwave system alone could not increase the handling capacity of the Railways because the real problems facing the Railways were the changed pattern of traffic because of NLC, shortages of locomotives traction power and absence of double track on major portions. The goods traffic actually continued to decline from the year 1978-79 till 1984-85. On the other hand cost of the project which was estimated at Rs. 37.8 crore in 1978 was later revised in 1983 to cost Rs. 80 crore. The contract was awarded to a firm setting aside reservation of the Technical Committee and the firm after repeated extentions abandoned the work. The new firm has also over-run the deadline of June, 1987.

151. As for achieving the purpose of the project, the position is that even after a lapse of about 10 years, the installation work in the field of provision of VHF radios in locomotives and provision of facilities for recording conversation of controllers, Station Masters and Drivers etc., the work done is not more than 50%. For the second part of project, installation work has yet to be taken up. An amount of nearly Rs. 78 crores has been spent on the project but the projected benefits have not been realised even after lapse of 10 years. Even ECNEC while approving the revised PC-I has relegated the project to a lower priority.

152. After hearing the report, the Committee directed that the project should be completed as early as possible and proper use of the facilities be made. The Committee also directed that Railways should negotiate with T&T Department for hiring out long distance cable facilities, which at the moment are in excess of its requirements.

153. *Performance Audit Report on Central Diesel Locomotive Workshop (Phase-III), Rawalpindi (Paras 4.1.1—4.8.8, pages 52—75—AR—Railways).*—According to Audit, Central Diesel Locomotive Workshops, Rawalpindi (phase—III) project was approved in 1967 at an estimated cost of Rs. 1 crore. The work was started in 1969 *i.e.* two years late, as decision to use local or imported material could not be taken in time. Plant and machinery was installed and commissioned in 1978 whereas civil works were completed in June, 1983. This resulted in considerable increase in the cost of work, which necessitated the revision of PC-I to Rs. 2.48 crore in December, 1979. However, the project was completed at the cost of Rs.1.89 crore and the saving of about Rs. 59 lacs was diverted to other works not provided in the PC-I. The project took 10 years for its completion whereas it was to be completed within 4 years and there was a cost over-run of 90%.

154. The project commissioned in 1978 was targeted to raise the handling capacity of workshop to 100 Diesel Electric Locomotive per year but the target could not be achieved. From 1978 to 1985 only 704 Locomotives were overhauled against the capacity of 800, 87% of which were not turned out within the scheduled time. The work required to be completed within 12028 days was actually undertaken in 46573 days involving extra period of 34545 days. Payment of over-time to the staff alone amounted to Rs. 1.24 crore notwithstanding that the out-turn remained below the prescribed target.

155. The Committee expressed its concern about payment of over-time in such conditions and directed that the entire situation should be reviewed. Out-turn of the engines should also be increased to ensure full utilization of the available potential.

156. *Special Study of Certain Civil Engineering Works (Paras 5.1—5.12, pages 79—101—AR-Railways).*—It was reported by Audit that execution of development works is generally delayed by Railway Administration. Therefore, a special study of Civil Engineering works included in the Annual Development Programme, 1985-86, was undertaken in order to find out the factors responsible for abnormal delays in execution of works. It was noticed from 39 works, selected at random from those which had commenced in different years starting from 1975-76 to 1984-85 that :—

(a) Out of 39 only 11 works (28%) have been completed upto 30-9-1986.

(b) Against the approved cost of Rs. 78.4 million for all the works, expenditure of Rs. 24.6 million (31%) was incurred upto 30-9-1986 out of which Rs. 4.7 million (19%) related to completed works and the remaining Rs. 19.9 million (81%) related to incomplete works.

(c) In five works, expenditure exceeded the sanctioned estimates by 11.5% to 69.5%.

(d) In case of 6 works, delay of 2 to 7 years occurred in commencement of permanent way and signalling portion of works due to non-receipt of material.

(e) The estimates were either not sanctioned or were sanctioned with delay of three to five years due to which expenditure of Rs. 3.6 million was incurred without technical sanction to estimates.

(f) In about 26% cases new items were included in the contract agreements through addendum slips during execution of works and after sanction of agreement/estimates.

(g) In case of completed works, completion reports were not drawn in more than 50% cases.

(h) The account of expenditure on works was not correctly maintained.

157. Audit further explained that the above position is reflective of inadequate planning and lack of co-ordination between different departments of Pakistan Railways due to which not only execution of work is delayed but there is an increase in cost as well. Inadequate provision of funds and non-availability of permanent way and signalling material were two main factors to which these delays were attributed. The Department was advised that instead of preparing ambitious annual development programmes, proper scrutiny of the feasibility of the schemes/works be conducted and only those works included in the annual development programmes which are urgent and important in nature and for whom funds can be made available. Civil Works should commence only when arrangements for receipt of permanent way material and signalling store have been made. The Railway Authorities, as pointed out by Audit are more interested in execution of civil works through the agency of contractors for obvious reasons. It was admitted by the Railway Administration that their failures in this behalf were due to defective planning, lack of co-ordination between various departments. According to them, a Committee of Chief Engineers had been constituted to deal with these problems and streamline the procedure with a view to removing the bottle-necks and ensuring speedy execution of development work but regretably no progress has been made so far.

158. The Committee directed that the Railway Administration should make improvements in the light of defects pointed out by Audit and report the results to P.A.C.

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

CULTURE, SPORTS AND YOUTH AFFAIRS DIVISION

160. The position of the Principal Accounting Officer (Secretary) being unoccupied, the Division was represented by the available senior most officers. The Committee, however, deferred consideration of accounts till such time that the Principal Accounting Officer to the Division is appointed.

TOURISM DIVISION

161. The position of the Principal Accounting Officer (Secretary) being unoccupied the Division was represented by the available senior most officers. The Committee, however, deferred consideration of accounts till such time that the Principal Accounting Officer to the Division is appointed.

NATIONAL ASSEMBLY SECRETARIAT

162. The Committee took up for its examination, the Appropriation Accounts etc. pertaining to the National Assembly Secretariat. The following departmental representatives were present :—

1. Mr. K. M. Chima, Secretary.
2. Mr. Moqimuddin, Deputy Secretary.
3. Mr. Abdul Majid, F & A.O.

163. This Secretariat controlled Grant No. "101—"National Assembly".

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164. *Grant No. 101—National Assembly (Page 264-AA).*—Saving of Rs. 590,302 (Charged) was due to non-submission of claims by the State Bank of Pakistan, Islamabad on account of Electricity, Water and Service charges and certain posts remaining vacant. Saving of Rs. 715,520 (other than charged) was mainly due to non-submission of claims by some MNAs for the session held in May/June, 1986 and non-utilization of travelling vouchers. Both explanations were accepted by the Committee.

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

SENATE SECRETARIAT

166. The Principal Accounting Officer (Secretary) was on tour abroad. Therefore, the consideration of the Accounts was deferred by the Committee.

ESTABLISHMENT DIVISION

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

1. Mr. M. I. K. Khalil, Secretary.
2. Mr. Riaz Ahmad Sipra, Joint Secretary.
3. Mr. Muhammad Azam Rathore, Deputy Secretary.

4. Mr. Shahid Latif Anwar, Deputy Secretary.
5. Mr. Manzoor Ahmad Mallal, Section Officer.
6. Mr. Akhtar Ali Khan, Section Officer.
7. Mr. Qaiser Ali Zaidi, Director General (SWO).
8. Mr. Inayat Ilahi Malik, Director, Pak. Administrative Staff College, Lahore.
9. Dr. Karamat Azim, Dy. Director, NIPA, Lahore.

168. 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

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169. *Grant No. 6—Establishment Division (Page 42-AA).*—The excess of Rs. 197,404 was attributed to pay and allowances of an officer reinstated by Court of Law and due to posting of some other officers in the Establishment Division. Accepting the justification for the excess, the Committee recommended its regularisation through Excess Budget Statement.

170. *Grant No. 7—Federal Public Service Commission (Page 43-AA).*—Saving of Rs. 6,450 being nominal, no comments were offered by the Committee.

171. *Grant No. 8—Services Tribunal (Page 44-AA).*—Excess of Rs. 541 was recommended for regularisation through Excess Budget Statement.

172. *Grant No. 9—Other Expenditure of Establishment Division (Page 45-AA).*—The Excess of Rs. 39,402 was recommended for regularisation through Excess Budget Statement.

173. *Grant No. 138—Development Expenditure of Establishment Division (Page 46-AA).*—Saving of Rs. 3,969,000 was due to non-starting of construction work pertaining to NIPA, Lahore. The saving had been surrendered in time. The Committee did not make any observation.

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

ECONOMIC AFFAIRS DIVISION

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

1. Mr. Izharul Haque, Secretary.
2. Sh. Muhammad Saleem, Joint Secretary (Admn.)
3. Mr. Muhammad Yousuf, Section Officer (F & A).
4. Mr. A. H. Malik, Director (Accounts).
5. Mr. Abdul Rauf, A.O. (F & A).

176. This Division controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Economic Affairs Division.	49
2.	Technical Assistance Schemes.	50
3.	Development Expenditure of Economic Affairs Division.	147

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177. *Grant No. 49—Economic Affairs Division (Page 120-AA).*—While emphasizing the need for timely surrender the Committee accepted the departmental explanation for the saving of Rs. 617,633.

178. *Grant No. 50—Technical Assistance Schemes (Page 121-AA).*—There was no excess/saving against the "charged" portion of the grant. The explanation for the saving of Rs. 1,238,985 (other than charged) was accepted by the Committee.

179. *Grant No. 147—Development Expenditure of Economic Affairs Divsion (Page 122-AA).*—It was directed that the Auditor-General should devise a mechanism which ensures that the accounts pertaining to development funds, disbursed to the provinces through the Federal Budget, are presented before the Committee.

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

PRESIDENT'S SECRETARIAT (PUBLIC & PERSONAL)

181. The Committee took up for its examination, the Appropriation Accounts etc. pertaining to the President's Secretariat, in its evening session (4.30 P.M.). The following departmental representatives were present :—

1. Mr. Fazlur Rehman Khan, Secretary.
2. Mr. Naveed Asghar Qureshi, Director General (Admn.)
3. Mr. Firdaus Alam, Director (Admn).
4. Ch. Muhammad Yasin, Section Officer (B & A).
5. Col. Muhammad Ajaib, Military Secretary to the President.
6. Mr. M. A. Shah, Assistant Secretary (Personal).

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

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183. *Appropriation "Staff, Household and Allowances of the President" (Page 38-AA).*—The Committee directed that complete details of the excess expenditure be prepared in collaboration with D.F.A. Cabinet and report rendered to Audit for consideration in the next P.A.C. meeting.

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

PRIME MINISTER'S SECRETARIAT (PUBLIC & INTERNAL)

185. Since the Principal Accounting Officer (Secretary) was not available the discussion was deferred.

PRIME MINISTER'S INSPECTION COMMISSION

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

1. Lt. Gen. (Retd) S. M. H. Bokhari, Chairman.
2. Lt. Col. (Retd) Aijaz Muhammad, Secretary.

187. This Commission controlled Grant No. "11—Federal Inspection Commission".

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188. *Grant No. 11—Federal Inspection Commission (Page 27-AA).*—The departmental explanation for the saving of Rs. 497,108 was accepted by the Committee.

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

MANAGEMENT SERVICES DIVISION

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

1. Dr. M. S. Jillani, Secretary.
2. Mr. M. A. Zaka, Director General/Joint Secretary (Admn.)
3. Mr. M. S. Hoda Azizi, Deputy Secretary (Admn.)
4. Mr. Noor-ul-Hasan, Section Officer (F & A).
5. Mr. Nabi Bakhsh Khoso, Director General (PPARC).

191. This Division controlled Grant No. "13—Management Services Division".

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1985-86)

192. *Grant No. 13—Organisation and Methods Division (Page 50-AA).*—Net saving of Rs. 220,991 was due to some posts of officers/staff remaining vacant for want of non-availability of persons of required qualifications. The Committee did not make any observation.

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

WOMEN'S DIVISION

194. The Committee took up for its examination, the Appropriation Accounts etc. pertaining to the Women's Division. The following departmental representatives were present :—

1. Mrs. Akhtar Riazuddin, Secretary.
2. Mr. S. H. Rizvi, Additional Secretary.

3. Mrs. Rehana Gill, Joint Secretary.
4. Mr. Khizer Ahmad Jan, Joint Secretary/Director General.
5. Mr. M. Ayub Khan, Joint Secretary/Director General.
6. Mr. Safdar Ali, Deputy Secretary.
7. Dr. Sabiha Hafeez, Director (R).
8. Mr. M. Rafique Alvi, F. & A. O.

195. 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.	139

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196. *Grant No. 14—Women's Division (Page 58-AA).*—There was a saving of Rs. 579,798 under this grant. After hearing the departmental representative the Committee advised that the savings should be surrendered in time.

197. *Grant No. 139—Development Expenditure of Women's Division (Page 59-AA).*—The Committee made no observation regarding saving of Rs. 614,711.

198. The Committee directed that the accounts of all expenditure which is disbursed/approved through the Federal Budget to the provinces should be presented before the Committee through the Auditor-General.

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

MINISTRY OF COMMERCE

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

1. Mr. Saeed Ahmad Qureshi, Secretary.
2. Mr. Seerat Aly Shaykh, Deputy Secretary.
3. Mr. M. A. M. Siddiqui, Chairman (SLIC).
4. Mr. Mazharul Haq Siddiqui, Chairman (NIC).
5. Mr. M. Usmani, Chairman (TCP).
6. Mr. S. M. Ishaq, Chairman (RECP).
7. Mr. Sami Qureshi, Chairman (CEC).
8. Mr. M. G. Hassan, Chairman (PIC).
9. Dr. Bahadar Ali, Chairman (PTB).
10. Mr. Muhammad Ashraf Khan, CCI & E.
11. Mr. A. M. Khalfe, Controller of Insurance.
12. Mr. Abdul Aziz Zia, Registrar (TMR).
13. Syed M. A. Wasti, D. G. (EPB).
14. Mr. Mahmood Hashmi, E.D. (NIC).

201. This Ministry controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Ministry of Commerce.	16
2.	Export Promotion.	17
3.	Other Expenditure of Ministry of Commerce.	18
4.	Development Expenditure of Ministry of Commerce.	140

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202. *Grant No. 16—Ministry of Commerce (Page 64-AA).*—The departmental explanation for the saving of Rs. 145,366 was accepted by the Committee.

203. *Grant No. 17—Export Promotion (Page 65-AA).*—Saving of Rs. 329,866,544 was mainly due to less payment on account of rebate on Cotton Textile Exports which was accepted by the Committee.

204. *Grant No. 18—Other Expenditure of Ministry of Commerce (Page 66-AA).*—The explanation for the negligible saving of Rs. 11,295 was accepted by the Committee.

205. *Grant No. 140—Development Expenditure of Ministry of Commerce (Page 67-AA).*—Saving of Rs. 18,300,000 which was 97% of the grant was attributed to non-adjustment of foreign aid received from UNDP for want of details/debits etc. The Committee did not make any observation.

AUDIT REPORT (CIVIL) (VOL. I—1985-86)

206. *Recoveries not effected—Rs. 166,643 (Para 1, page 26-AR).*—The para pertained to irregular drawal of allowances by few officials posted abroad during 1982—85. A sum of Rs. 25,089 has already been regularised while the balance was Rs. 141,554 is yet to be recovered/regularised. It was discussed and the Committee recommended to waive-off the recovery of the balance amount.

207. *Un-authorised expenditure on entertainment—Rs. 17,588 (Para 2, page 26-AR).*—This para relates to the expenditure on entertainment served to foreign delegations during 1983—85 which was made without obtaining approval of Finance Division. It was recommended by the Committee that financial powers of the Division be increased from Rs. 3,000 to Rs. 10,000. The para was discussed and dropped.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII—1985-86)

Rice Export Corporation of Pakistan

208. *Blocking of Funds of Rs. 360.66 million due to non-disposal of Rice causing heavy losses (Para 6, page 27-ARPSE).*—It was reported by the Audit that 100,000 metric tons of rice stock of 1982—84 crops was stocked at Port Qasim Rice Godown, unexported. A survey revealed that 40% quantity was unfit for export while the rest required mixing of 1984-85 crop for export. Audit suggested immediate valuation of stocks and fixation of responsibility by investigating reasons of failure in export which involved not only damage but also resulted in blockage of public funds. The departmental representative explained that all the quantity of rice leaving 6983 tons has since been sold. The Committee dropped the para on the assurance that the storage facilities required for such undertaking will be further improved.

209. *Misappropriation of Rice and Gunny Bags by Handling Agent worth Rs. 10.407 million (Para 7, page 27-ARPSE).*—It was pointed out by the Audit that a firm was awarded handling contract in October, 1979 which was extended upto June, 1983. The book balance of rice, gunny bags and wooden dunnage worth Rs. 10 million stood against contractor on 21-8-1981 as well as at the time of expiry of the contract *i.e.*, 30-6-1983. Neither contractor rendered fortnightly accounts of the balances nor management asked for it in the intervening period. It was noticed in February, 1984 that actually there was no ground balance against book balance of Rs. 10.407 million and the stocks had apparently been misappropriated and the contractor had been submitting unverified accounts during the period. Though the nil ground balance was reported in February, 1984 and Audit pointed it out in October 1984, recovery suit was filed as late as on 30-11-1985. Audit suggested investigation of delayed detection of irregularity due to in-action of the management. The Committee directed that disciplinary action should be initiated against the officers responsible, and finalised within three months time and result intimated to the Committee.

State Life Insurance Corporation

210. *Irregular reimbursement of medical expenses amounting to Rs. 103,730 (Para 10, page 29—ARPSE).*—It was pointed out by Audit that reimbursement to employees at Peshawar on account of consultation fees, X-Rays and various tests was made during 1984 amounting to Rs. 103,730 in contravention of the provisions of the 3rd Wage Commission Award which was published on 10-1-1984. Though the Board of Directors has decided to effect recoveries and the High Court has dismissed the employee's petition, the amount has not been recovered. It was promised by the departmental representative that necessary recoveries will be made. The Committee directed that result of recovery/action taken be intimated to Audit.

Trading Corporation of Pakistan

211. *Irregular sanction of House Building Advance of Rs. 261,120 to an Officer on Deputation (Para 12, page 31—ARPSE).*—As pointed out by the Audit a Federal Government officer on deputation with Trading Corporation of Pakistan as Director was granted House Building Advance to which he was not entitled as he was eligible to obtain the advance from the parent department. The officer was subsequently directed by the Board of Directors to repay the loan but the officer filed a suit in High Court for the release of 3rd instalment along with the damages which was rejected. The officer filed an Appeal against the order. It was directed by the Committee that the officer concerned may be removed from the present deputation assignment and proceeded against under the E&D Rules on charge of misconduct. The Ministry of Commerce has since taken up the case with the Establishment Division *vide* their letter No. 5/1 (Appro)/85-86-FAW, dated 16-3-1989 for reversion of the officer from the present assignment and suspension on account of misconduct.

212. *Loss of Rs. 0.490 million on export of "Kinnos" due to lack of planning (Para 13, page 32—ARPSE).*—The Trading Corporation of Pakistan spent Rs. 3.7 million on procurement and other export expenses on export of Kinnos during 1983-84 and realised sale proceeds of Rs. 3.25 million. Loss of Rs. 0.5 million was due to lack of planning in arranging safe despatch of "Kinnos" as the fruit valuing Rs. 0.7 million were damaged in transit. The Committee directed that the Corporation should not enter in a field which is out of its scope and try to improve its performance.

Cotton Export Corporation of Pakistan

213. *Performance Audit Report on Cotton Storage Godowns at Korangi (Para 100, pages 121—145—ARPSE).*—The Audit pointed out that there was a time over-run of 4 years and a cost over-run of Rs. 37.545 million over the revised project estimates in the construction of 20 Cotton Storage Godowns at Korangi, Karachi. The departmental representative explained that the time over-run and cost over-run was mainly atrributable to the shortage of cement, water and unprecedented floods in Karachi. The then Minister had ordered that the project should be stopped in view of the floods.

Another reason was that the Consultants selected for the project had abandoned the consultancy. Although he was the best available consultant in Karachi. The Committee appreciated the shortages of cement/water at that time in Karachi and directed that the overall performance of the Trading Corporation of Pakistan may be improved as early as possible.

PERFORMANCE EVALUATION OF PUBLIC SECTOR ENTERPRISES (VOL. IX-B—1987)

214. *Trading Corporation of Pakistan, Karachi (Paras 1.1—2.5, pages 147—156/Perf. Eval. Report Vol. IX-B—1987).*—Audit representative explained the background of conducting evaluation of the Corporation. The Trading Corporation of Pakistan (TCP) mostly earned profit from investments etc. rather than the trading transactions. The Chairman observed that over-staffing was the main problem with the public sector Corporations and they should try to reduce their overheads and improve the working. By associating the expertise from outside, the quality in decision making might improve.

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

216. The Committee then adjourned to meet again at 9.30 A.M. on Thursday, the 16th March, 1989.

KHAN AHMAD GORAYA,
Secretary General.

ISLAMABAD :
The 10th December, 1992.

NATIONAL ASSEMBLY SECRETARIAT

Thursday, the 16th March, 1989.
Ninth Sitting (PAC)

217. The Public Accounts Committee assembled at 9.30 A.M. in Committee Room No. 2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1985-86. The following members attended the meeting :—

Public Accounts Committee:

1. Mr. Hakim Ali Zardari, MNA — *Chairman*
2. Syed Tasneem Nawaz Gardezi, MNA — *Member*
3. Syed Parvez Ali Shah Jillani, MNA — *Member*
4. Syed Muhammad Aslam, MNA — *Member*
5. Dr. Mehboob-ur-Rehman, MNA — *Member*

National Assembly Secretariat:

1. Mr. K. M. Chima, Secretary
2. Mr. Moqimuddin, Deputy Secretary
3. Mr. Mulazim Hussain Kazmi, Officer on Special Duty (PAC).

Audit:

1. Mr. Riyaz H. Bokhari, Auditor-General of Pakistan
2. Syed Iftikhar Shabbir, Deputy Auditor-General (GA)
3. Mrs. Suraiya Hafeez, Deputy Auditor-General (CA & E)
4. Mr. A. A. Zaidi, Director General (GA)
5. Sh. Muhammad Sadiq, Accountant General Pakistan Revenues
6. Mr. Zulqarnain Qureshi, Director General Audit (Federal Govt.)
7. Mr. Fazlur Rahman, Director General (CA)

Ministry of Finance and Planning and Development Division:

1. Mr. Ahmed Shamsul Huda, Joint Secretary (Exp.)
2. Dr. M. A. Aghai, Director General (Projects Wing), Planning and Development Division.
3. Mr. Hamid Akhtar Niazi, F.A. (Science & Technology).
4. Mr. Muhammad Rafiq, D.F.A. (Planning and Statistics).

218. *Accounts Examined.*—The accounts pertaining to the following Ministry/Divisions were examined by the Committee during the meeting:—

1. Ministry of Science and Technology
2. Planning and Development Division
3. Statistics Division
4. Population Welfare Division

MINISTRY OF SCIENCE AND TECHNOLOGY

219. The Committee took up for its examination the Appropriation Accounts etc. pertaining to the Ministry of Science and Technology. The following departmental representatives were present :—

1. Mr. Tariq Mustafa, Secretary.
2. Mr. Abdul Hamid Naqshbandi, Joint Secretary.

3. Mr. Muhammad Nazim-ur-Rehman, Deputy Secretary.
4. Dr. M. D. Shamsi, Chairman, (P.S.F.)
5. Dr. Naeem Ahmad Khan, Chairman (PCSIR)
6. Dr. A. A. Junejo, Chairman (PCAT)
7. Syed Abdul Hafeez, Section Officer (F & A).
8. Mr. Altaf Hussain Mughal, Director (F) (PCSIR)
9. Syed Maqsood-ul-Hasan, A.A.O.

220. This Ministry controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Ministry of Science & Technology	113
2.	Other Expenditure of Ministry of Science & Technology	114
3.	Development Expenditure of Ministry of Science & Technology	164
4.	Capital Outlay of Ministry of Science & Technology	187

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1985-86)

221. *Grant No. 113—Ministry of Science and Technology (Page 304-AA).*—The grant closed with a nominal saving of Rs. 35,157. The Committee did not offer any comments.

222. *Grant No. 114—Other Expenditure of Ministry of Science and Technology (Page 305-AA).*—The grant showed an excess of Rs. 700,000. From the discussion it transpired that a supplementary grant of Rs. 700,000 was allowed by the Ministry of Finance at a stage when it could not be incorporated in the supplementary schedule of authorized expenditure. The Auditor-General observed that such undertakings given by the Ministry of Finance were against the norms of financial discipline. In case the Ministry of Finance finds it difficult to adhere to the cut-off date it may extend the supplementary grant processing period but should adhere to whatever cut-off date is fixed. The Committee observed that Auditor-General's point of view may be noted by the Ministry of Finance and decided that in future it will not recommend for regularization any excess processed after 15th May. The Committee recommended excess expenditure for regularization through Excess Budget Statement.

223. *Grant No. 164—Development Expenditure of Ministry of Science and Technology (Page 306-AA).*—The grant closed with a net saving of Rs. 2,850,906. The Committee did not make any observation.

224. *Grant No. 187—Capital Outlay of Ministry of Science and Technology (Page 307-AA).*—A substantial saving of Rs. 21,452,750 (56% of the grant) was attributed to non-materialization of foreign aid. The Committee accepted the explanation and directed the Ministry to utilize the funds properly.

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

PLANNING AND DEVELOPMENT DIVISION

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

1. Mr. Bashir Ahmad, Secretary.
2. Mr. Iqbal Mueen, Member-III (Planning Commission)

3. Lt. Col. (Retd.) Muhammad Nisar Ahmad Khan, Joint Secretary
4. Mr. Mushtaq Hussain Syed, Deputy Secretary
5. Mr. Muhammad Sadiq Swati, Senior Chief (NTRC)
6. Dr. M. A. Aghai , Director General (Projects Wing)
7. Mr. Ishfaq Mehmood, Senior Chief (Engg. Wing)
8. S. Z. H. Gillani, Section Officer
9. Brig. Muhammad Azad, Director (N.L.C.)
10. Col. Mehmud Ahmad Khan, Deputy Director (Plans and Budget) (N.L.C.)
11. Mr. Nazir Ahmad Bhatti, Accounts Officer
12. Mr. Khalid Ali Shah Rizvi, Director Accounts, (N.L.C.)
13. Col. (Retd.) Muhammad Nasir Jan, NCC (Pak) Ltd. Karachi
14. Mr. Saadat Ali Khan, Manager Finance and Accounts (Pak) Ltd. Karachi

227. This Division controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Planning and Development Division	106
2.	Development Expenditure of Planning and Development Division	162

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1985-86)

228. *Grant No. 106—Planning and Development Division (Page 284-AA).*—The grant closed with a net saving of Rs. 642,659. On being pointed out that this saving was less than 1% of the grant, the Committee observed that it will not be bound by any percentage. Every excess/saving will be considered on its merits. The Committee did not make any further observation on the grant.

229. *Grant No. 162—Development Expenditure of Planning and Development Division (Page 286-AA).*—After surrendering a sum of Rs. 175,167,200, there was a net saving of Rs. 76,759,555 against the grant. It was pointed out that the huge saving which was 68% of the grant was due to non-materialization of a foreign aid commitment. The ensuing discussion focused primarily on the inadequacy of the existing system to deal with the budgeting and accounting of foreign aid. The Auditor-General said that the Administrative Division should provide detailed explanation for non-materialization of aid; whether the aid giving agency had some constraints or the executive agency could not fulfil the conditions. The Committee endorsed the observation of the Auditor-General that the system needed a complete overhaul and hoped that the matter will be accorded due importance. At this stage on a querry from a member of the PAC it was decided that a presentation on the 6th five-year plan focusing on planned targets and actual achievements will be made in the next meeting.

AUDIT REPORT (CIVIL) (VOL. I—1985-86)

230. *Performance Audit Report on Award of Consultancy Agreement (Paras 1—16, pages 229—232-AR).*—A Performance Audit report evaluating the system of awarding Consultancy contracts by the Planning and Development Division was made by the audit representative. It was pointed out that there was no laid down mechanism for dealing with financial evaluation of the consultants bids. A follow-up system for evaluating the quality of reports is also lacking. The actual effectiveness of the system and its viability from cost point of view remains untested. Another serious issue was the lack of concern for timeliness of the reports. The examples of Malaria Control and Rural Health Programme were cited where, despite the interest of the highest planning body, the reports were made available after delays of 3 to 4 years. In his reply, the departmental representative, pointed out that the country had started from a situation where local expertize was non-existant and help from abroad had to be sought

even for minor problems. He agreed that the Audit report was positive and the Division was seriously evaluating the audit observations. The Committee, while emphasizing the need to review the entire system, also agreed with the Audit representative's observation that getting consultancy work done on contract basis from the employees of the Planning and Development Division was a practice of uncertain merit. The departmental representative, while conceding that certain negative implications were obvious, promised to look into the issue.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII—1985-86)

(i) *Non-recovery of Rs. 6.053 million from* Ex-*officers (Para 52, page 64-ARPSE)*—

(ii) *Misappropriation of SR. 65,253 equivalent to Pak Rs. 300,816 by* Ex-*Administrative Supervisor (NCC Pak) (Para 53, page 65-ARPSE).*

231. In a case in which SR. 65,253 equivalent to Rs. 300,816 was misappropriated by an employee of the Company's Al-Khobar office in 1981-82, no action had been taken to register a case inspite of auditors recommendation. The departmental representative pointed out that, although, the accused was in Karachi, the police were reluctant to register the case as the scene of crime was a different country. It was also informed that the Principal Accounting Officer himself intended to take up the matter at the highest level with the police authorities. The Committee desired that the possibility of involving F.I.A. may be explored. At this stage other such cases (specifically pertaining to M/s. Azeem Khan and Musarrat Ali Khan) came under discussion. The Committee conveyed its extreme annoyance at the lack of concern for recovery of public money. It directed that the *ex*-officials of the company who mis-appropriated the Government money may be immediately proceeded against in court of law and their movable and immovable properties be got attached to recover the amounts mis-appropriated by them.

232. *Working results and other paras pertaining to National Construction Company (Paras 370—375, pages 316—317-ARPSE).*—In its evaluation of the working results, Audit had observed that accumulated losses of the company stood at Rs. 3477.103 million as on 30-6-1985. Position of subsequent years was not known. Other audit paras pertained to loss on sale of material, amounts held up by various debtors, banks and penalties imposed due to delayed completion of projects undertaken. The departmental representative stated that the liquidation of the company was being contemplated by the Ministry. The Committee directed that the decision in this regard be reported to the P.A.C. and while doing so the Administrative Secretary may personally review the other audit observations including Para No. 51, page 64-ARPSE regarding "Avoidable Legal and Court Fee Expenses—Rs. 438,000 and report on them as well. It also directed that a detailed review of N.L.C. activities be submitted to the Committee in its next meeting.

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

STATISTICS DIVISION

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

1. Dr. Moinuddin Baqai, Secretary
2. Rana Riffat Saeed, Joint Secretary
3. Mr. S. S. Zafar, Deputy Secretary
4. Mr. Maqbool Husain Malik, Section Officer
5. Mr. S. M. Ishaque, Director General (F.B.S.)
6. Mr. Khizar Hayat Khan, Director (AD) (PCO)
7. Mr. Imtiazul Hasan Siddiqui, A.A.C.C. (A.C.O.)
8. Mr. Iftikhar Ahmad Siddiqui, DACC (ACO)

235. This Division controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Statistics Division	51
2.	Development Expenditure of Statistics Division	148

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1985-86)

236. *Grant No. 51—Statistics Division (Page 150-AA).*—After surrender there was a net saving of Rs. 658,814, which, the departmental representative explained, was due to an error in calculation. He also observed that action was being taken against the person responsible for the error. The Committee accepted the explanation.

237. *Grant No. 148—Development Expenditure of Statistics Division (Page 151-AA).*—The saving of Rs. 35.4 million against a grant of Rs. 36.1 million which amounted to 98% of the grant, attracted considerable criticism from the members. While emphasizing the importance of the work done by the Division and expressing dis-satisfaction about the overall performance, the Committee, constituted a Sub-Committee of Syed Tasneem Nawaz Gardezi, M.N.A. and Dr. Mehboob-ur-Rehman, M.N.A. and a representative of Auditor-General to review the overall performance of the Division and to examine why the development funds could not be utilized by them.

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

POPULATION WELFARE DIVISION

239. 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. M. A. Kazmi, Secretary
2. Mr. Manazir Hussain, Joint Secretary
3. Mr. Khalil Ahmad Siddiqui, Director General
4. Dr. (Mrs) Safia A. Ameen, Director General
5. Mr. Akhtar Ali Zaidi, Director General
6. Mr. Bashir-ud-Din Ahmad, Director (Finance Management)

240. This Division controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Population Division	107
2.	Development Expenditure of Population Division	163

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1985-86)

241. *Grant No. 107—Population Division (Page 285-AA).*—While accepting the justification for the saving of Rs. 560,599, the Committee cautioned the Division about the requirement for timely surrender of anticipated saving.

242. *Grant No. 163—Development Expenditure of Population Division (Page 287-AA).*—The departmental representative explained that the saving of Rs. 109,020,604 was due to (i) keeping a large number of posts un-filled in the Provinces for want of clearance of recruitment rules (Rs. 1,876,000), (ii) Service Delivery Project (Rs. 76,280,000), (iii) EC Project (Rs. 30,064,000), (iv) Training Project Rs. 6,592,000), (v) Research and Support Activities (Rs. 38,211,000) and other Rs. 109,020,604. The Committee observed that, on the one side, there was a lot of complaints about lack of resources and on the other, large funds available for spending were not utilized. It was made clear that in future the Committee will take serious note of this aspect of financial discipline and ensure that proper action is taken against responsible officials.

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

244. The Committee then adjourned to meet again at 9.30 A.M. on Saturday, the 18th March, 1989.

KHAN AHMAD GORAYA,
Secretary General.

ISLAMABAD :
The 10th December, 1992.

NATIONAL ASSEMBLY SECRETARIAT

Saturday, the 18th March, 1989.
Tenth Sitting (PAC)

245. The Public Accounts Committee assembled at 9.30 A.M. in Committee Room No. 2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1985-86. The following members attended the meeting :—

Public Accounts Committee:

1. Mr. Hakim Ali Zardari, MNA — *Chairman*
2. Syed Muhammad Aslam, MNA — *Member*
3. Syed Parvez Ali Shah Jillani, MNA — *Member*
4. Sardar Ashiq Muhammad Khan Mazari, MNA — *Member*
5. Dr. Mehboob-ur-Rehman, MNA — *Member*

National Assembly Secretariat:

1. Mr. K. M. Chima, Secretary.
2. Mr. Moqimuddin, Deputy Secretary.
3. Mr. Mulazim Hussain Kazmi, Officer on Special Duty (PAC).

Audit:

1. Mr. Riyaz H. Bokhari, Auditor-General of Pakistan
2. Syed Iftikhar Shabbir, Deputy Auditor-General (GA)
3. Mrs. Suraiya Hafeez, Deputy Auditor-General (CA & E)
4. Mr. A. A. Zaidi, Director General (GA)
5. Sh. Muhammad Sadiq, Accountant General Pakistan Revenues
6. Mr. Fazlur Rahman, Director General (CA)
7. Ch. Fazal Ahmad, Director General (PEC)

Ministry of Finance and Planning and Development Division:

1. Mr. Ahmed Shamsul Huda, Joint Secretary (Exp.)
2. Dr. M. A. Aghai, Director General (Projects Wing), Planning and Development Division.
3. Mr. Naveed Hasan, F.A. (Information and Broadcasting)
4. Mr. M. Amjad Virk, F.A. (Production)
5. Mr. Kamran Masood, D.F.A. (Information and Broadcasting)

246. *Accounts Examined.*—The accounts pertaining to the following Ministries/Divisions were examined by the Committee during the meeting:—

1. Law and Justice Division
2. Parliamentary Affairs Division
3. Wafaqi Mohtasib Secretariat
4. Ministry of Information and Broadcasting
5. Ministry of Production

LAW AND JUSTICE DIVISION

247. Since the Principal Accounting Officer (Secretary) was not available the discussion was deferred.

PARLIAMENTARY AFFAIRS DIVISION

248. Since the Principal Accounting Officer (Secretary) was not available the discussion was deferred.

WAFAQI MOHTASIB SECRETARIAT

249. The Committee took up for its examination, the Appropriation Accounts etc. pertaining to the Wafaqi Mohtasib Secretariat. The following departmental representatives were present :—

1. Mr. S. Q. H. Zahidi, Advisor
2. Mr. Muhammad Ahmad, Deputy Director.

250. This Secretariat controlled Appropriation "Wafaqi Mohtasib".

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1985-86)

251. *Wafaqi Mohtasib (Page 344-AA).*—The net saving of Rs. 460,856 was attributed to certain posts remaining vacated. No comments were offered by the Committee.

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

MINISTRY OF INFORMATION AND BROADCASTING

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

1. Mr. Rashid Latif, Secretary.
2. Mr. F. I. Malik, Additional Secretary.
3. Mr. Abdul Haq, Joint Secretary.
4. Mr. Abdul Hamid Khan, Deputy Secretary (A & C).
5. Mr. Habib-ur-Rehman, Section Officer.
6. Sh. Iftikhar Ahmad, Accounts Officer.
7. Mr. Aslam Azhar, Chairman (PTV/PBC).
8. Mr. Hamid Qureshi, Managing Director (PTVC).
9. Kh. Ijaz Sarwar, P.I.O. (PID).
10. M· Agha Nasir, Director General (PBC).
11. Mr. Mati-ur-Rehman, Director, Finance (PTVC).
12. Mr. Lal Muhammad, Deputy Controller (PTVC).
13. Mr. Eijaz Ahmad, Director, Finance (PBC).
14. Mr. Muhammad Akram, Deputy Controller (PBC).
15. Mr. Muhammad Aslam Sheikh, Director General (APP).
16. Mr. Mumtaz Ahmad, Director, Finance (APP).
17. Mrs. Saeeda Tahir Kheli, Director (F & P).
18. Rai Riaz Hussain, Deputy Director (F & P).
19. Mr. A. I. Faridi, Director (R & R).
20. Mr. Mukhtar Zahid, Director (EP Wing).
21. Mr. Habib Alam, Section Officer (EP Wing).

254. This Ministry controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Ministry of Information and Broadcasting	80
2.	Directorate of Publications Newsreels and Documentaries	81
3.	Press Information Department	82
4.	Information Services Abroad	83
5.	Pakistan National Centres	84
6.	Other Expenditure of Ministry of Information and Broadcasting	85

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1985-86)

255. *Grant No. 80—Ministry of Information and Broadcasting (Page 218-AA).*—There was a saving of Rs. 2,207,322 under the grant. After surrendering an amount of Rs. 1,058,000, a net saving of Rs. 1,149,322 was reported by the Ministry, which was mainly due to certain posts remaining vacant etc. Taking note of the late surrender of anticipated saving, the Committee directed that the officer concerned be asked to explain his position.

256. *Grant No. 81—Directorate of Publications Newsreels and Documentaries (Page 219-AA).*—Although the Appropriation Accounts showed an excess expenditure of Rs. 80,164 against the grant, rectification of an erroneous booking of Rs. 229,577 would result in the grant being finally closed with a saving of Rs. 149,413, while accepting the explanation for the saving, the Committee once again emphasized the need for timely surrender.

257. *Grant No. 82—Press Information Department (Page 220-AA).*—The excess expenditure of Rs. 185,661 in the Appropriation Accounts was attributed to non-inclusion of the supplementary grant of Rs. 604,506 in the Supplementary Budget Book. Regularisation through Excess Budget Statement was recommended by the Committee.

258. *Grant No. 83—Information Services Abroad (Page 221-AA).*—An excess expenditure of Rs. 5,884,816 was reported under the grant. It was also pointed out that excesses have been reported against the grant as a normal pattern in the preceding few years. In the ensuing discussion, the departmental representative argued that certain factors beyond the control of the Principal Accounting Officer, *e.g.*, Rupee/Dollar parity fluctuations and lack of his administrative control over his offices attached with Missions abroad, hampered effective control over the expenditure. The Auditor-General observed that whatever may be the practical problems in operating the grant, effective solutions could be found if the concerned Ministries *viz.* Information, Finance and Foreign Affairs sit together to find a mutually acceptable formula. The Committee directed that the Ministry of Finance in consultation with the Ministries of Information and Broadcasting, Foreign Affairs should evolve an agreed formula which should ensure that the budget allocation of Ministry of Information and Broadcasting for Information Services Abroad is effectively controlled by the administrative Ministry and which should ensure that no excesses take place against the head. Compliance should be reported to the Committee. In any event uncontrolable excesses against approved Appropriation will not be accepted by the Committee in future. The Committee recommended the regularization of excess expenditure through Excess Budget Statement as a special case.

259. *Grant No. 84—Pakistan National Centre (Page 222-AA).*—Against a saving of Rs. 667,554, the Department surrendered an amount of Rs. 700,000, resulting in a technical excess. However, on a query from the Committee, it was pointed out that the 98% of the Grant for Pakistan

National Centres was consumed by salaries and related expenditure, leaving very little room for the types of activities to which the Centres should be devoting their efforts. It was also pointed out that the necessity of maintaining the Centres was under review. The Committee directed that in its next meeting it should be informed about the final decision in this regard.

260. *Grant No. 85—Other Expenditure of Ministry of Information and Broadcasting (Page 223-AA).*—The grant closed with a net saving of Rs. 346. The Committee did not make any observation.

AUDIT REPORT (CIVIL) (VOL. I—1985-86)

261. *Non-recovery of Rs. 61,217 on account of Excess Consumption of Petrol in Staff Cars (Para 3, page 175-AR).*—It was reported by Audit that 8459 Litres of petrol was consumed by two officers in excess of their entitlement. The officers had since retired from service. It was directed by the Committee that recovery be arranged through their Pensions under intimation to Audit.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII—1985-86)

262. *State Audit of Shalimar Recording Company Limited (Paras 2-3(9), page 17-ARPSE).*—Audit pointed out that the Company declined to entertain State Audit in 1985. Though the Attorney General has given the ruling in Company's favour, he has also suggested that it would be appropriate to make proper amendment in Presidential (Audit and Accounts) Order XXI of 1973 to provide that such Companies/bodies, where Federation or a Province have vital financial or Administrative interest, may be liable to have their accounts audited by Auditor-General of Pakistan. The Auditor-General informed the Committee that Audit would look into this case, and report to the Committee in due course. The para was deferred.

Pakistan Broadcasting Corporation

263. *Non-recovery of training expenses amounting to Rs. 42,311 from the defaulting trainees (Para 42, page 55-ARPSE).*—According to Audit in 1989 three Senior Broadcasting Engineers were sent on training abroad. The engineers had executed bonds to the effect that they would serve for three years after completion of training, or, in case of default, repay all expenses incurred on them. The Employees tendered resignations and are absconding since 1985, Rs. 42, 311 incurred on their training have not been recovered on the plea that recovery from Pay and allowances was not in order. During discussion, it came to the knowledge of the Committee that bonds being taken at the time of deputing officers on training required revision to plug obvious loop holes. The Committee directed that necessary action in this regard should be taken without further delay.

264. *Loss of Rs. 101,547 due to non-recovery of telephone charges in excess of the prescribed limit (Para 43, page 55-ARPSE).*—It was reported by the Audit that expenditure of Rs. 101,547 on account of residential telephone bills of certain officers in excess of their prescribed limit, was made during July, 1983 to December, 1985. Audit recommended recovery from the officers concerned. After hearing the Ministry's reply, it was decided that the Ministry may get the ceiling of the officers revised upward if necessary but should ensure that the limit is not exceeded in future. However, the amount of Rs. 101,547 may be written-off as a special case and the para may be treated as settled.

Pakistan Television Corporation

265. *Loss of camera equipment valuing Rs. 1.20 million (Para 44, page 56-ARPSE).*—Camera Equipment valuing Rs. 1.20 million was reported lost by a camera man during an official visit to USA in 1986. The Committee was of the opinion that the punishment awarded *i.e.* stoppage of one increment for the lapse was not commensurate with the gross negligence on the part of the official. On the directive of the Committee the Chairman, PTV undertook to report to the Committee in its next meeting whether

costly equipment taken abroad was being adequately safeguarded/insured and whether adequate punishments were being given in case of lapses.

PERFORMANCE EVALUATION OF PUBLIC ENTERPRISES (VOL. IX-B—1987)

266. *Performance Evaluation Report on Pakistan Television Corporation Limited (Paras 2.1—9.3, pages 48—100—Performance Evaluation Report—Vol. IX-B—1987).*—While evaluating the performance of the Corporation since its inception in 1967, the Audit representative drew the attention of the Committee to various cost/time over runs and under-achievement of projected targets. It was pointed out that cost of approved projects estimated at Rs. 155.89 million in 1969 had risen to Rs. 1168.143 million in 1983 (excluding cost of Rs. 171.792 million of the un-approved/completed projects). Even at this escalated implementation cost, PTVC was covering 35% area and 82% population against planned projections of 52% and 87% respectively. Further, despite provision of the requisite infrastructure, a ceiling of 9.23 hours/day of transmission time was reached by 1987-88 as against a planned target of 10 hours/day by 1984-85. The Corporation was utilizing only 28% of the available advertisement time, although, it could break-even by utilizing 35% of the available time. The Corporation was also not fully utilizing the indirect support provided by the Government through licence fees with statutory backing and there was considerable under-realization in this area. The claims for Government subsidy were apparently excessive. The Audit Evaluators observed that there was a manifest potential for increasing advertising revenue by rationalizing the advertisement rate card, televising programmes with greater popular appeal and developing a feed back system for evaluating viewer response. The policy of investing surplus funds (generated by excessive government subsidy, generous charges for government publicity and stringent payment of dividends) instead of utilizing them for completion of viable projects was also criticised.

267. It was also pointed out that the report had been well received by the Corporation: a working group has already been established to examine how the recommendations/analysis of the evaluators can be utilized to improve the working of the Corporation. The departmental representative endorsed the opinion that the report had been helpful in evaluating the current status of the Corporation and decisions for future changes/adjustments will be taken after the recommendations of the working group have been received. It was pointed out that while the issue of licence fee realization was linked with powers given to inspectors, work had already been started on developing a proper feed back mechanism for viewer response.

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

MINISTRY OF PRODUCTION

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

1. Mr. M. Masihuddin, Secretary.
2. Mr. S. Naseer Ahmad, Additional Secretary.
3. Dr. Mutawakkal Qazi, Joint Secretary.
4. Mr. Muhammad Yaqoob, Accounts Officer.
5. Dr. Ahmad Qidwai, Chairman (SEC).
6. Mr. Zahur Ahmad Khan, Chairman (NFC).
7. Dr. M. H. Chaudhry, Chairman (PERAC).
8. Syed Haroon Bokhari, Chairman (SCCP).
9. Major General Shujat Ali Bokharee, Chairman, Pak. Steel (PACO).
10. Air Marshal S. A. Changazi, Chairman (PIDC).

11. Mr. Muhammad Saleem Akhtar, Managing Director, (SNB Sugar Mills) (PIDC, Larkana).
12. Dr. Agha Ghazanfar, Managing Director (NFML).
13. Mr. Jonaid Ahmad Mouata, Managing Director (Zeal Pak).
14. Mr. Naseer-ud-Din Siddiqui, Managing Director, D. G. Khan (Cement Company).
15. Mr. S. Z. Shami, Managing Director (National Cement).
16. Mr. M. A. Quddus, Managing Director (Kohat Cement Company Ltd.)
17. Mr. Amir Ali Shah, Managing Director (Dalta Cement Co. Ltd.)
18. Mr. Ghulam Murtaza, Managing Director (Mustehkam Cement).
19. Mr. Najaf Hasnain, Managing Director (General Rafractaries Unit of SCCP, Karachi).
20. Mr. M. Aslam Fazili, Managing Director, Lyallpur Chemical & Fertilizer Ltd. Faisalabad/Jaranwala (NFC).
21. Mr. S. Shahid Salam, General Manager (Finance) (SEC).
22. Mr. Muhammad Aslam, General Manager (Finance) (FCCCL).
23. Mr. Anees Ahmad, General Manager (Finance) (NFC).
24. Mr. Mushtaq Hussain, General Manager (Finance) (SCCP).
25. Mr. Khalid Amin, General Manager (A&E) (PACO).
26. Mirza Naeem Ahmad, General Manager (F&A) (PIDC).
27. Mr. A. A. Siddiqi, General Manager (Finance) (PCFL) Haripur.

270. This Ministry controlled the following grants:—

S. No.	Name of Grant	Grant No
1.	Ministry of Production.	108
2.	Capital Outlay on Industrial Development.	185

APPROPRIATION ACCOUTNS (CIVIL) (VOL. I—1985-86)

271. *Grant No. 108—Ministry of Production (Page 292-AA).*—The excess of Rs. 142,741 was recommended for regularisation through Excess Budget Statement.

272. *Grant No. 185—Capital Outlay on Industrial Development (Page 293-AA).*—Saving of Rs. 8,764,000 was due to non-materialisation of 'Bulk Water Scheme' during 1985-86. The Committee did not offer any comments.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII—1985-86)

Swat Ceramics Company (Pvt.) Limited

273. *Loss due to excess consumption of raw material amounting to Rs. 574,528 (Para 55, page 66-ARPSE).*—Audit reported that Swat Ceramics Corporation consumed 265,984 Kgs. of raw material in excess of the specified permissible limit (inclusive of 40% process loss) on the production of 616 tons of sanitary wares. The excess consumption of raw material resulted in an avoidable loss of Rs. 574,528. The Department was of the opinion that actual process losses were higher than the prescribed standard. It was also pointed out that the unit had been sustaining losses during the last 3 years. It was decided by the PAC that a Sub-Committee consisting of Sardar Ashiq Muhammad Khan Mazari, MNA and Dr. Mehboob-ur-Rehman, MNA and a representative of Audit may inquire into the causes of excess consumption of raw material and suggest ways and means to reduce losses. The Sub-Committee will also make an overall review of the working of Swat Ceramics.

Millat Tractors Limited

274. *Loss of Rs. 410,327 due to credit sale of Harvesters and bad planning in farm Mechanisation (Para 58, pages 68-69-ARPSE).*—It was reported by the Audit, that in June, 1983, 53 Acres of land was acquired on lease for five years to establish a mechanised farm for demonstration/testing of the company's products. After a year during which Rs. 0.25 million were spent on land development, the lease agreement was terminated while the company bought 20 acres of land at another location. The abortive acquisition of land on lease for five years and incurrance of development expenditure on the leased property needed justification. The wasteful expenditure included Rs. 101,900 recoverable from the land owner as cost of a harvester and a rent liability amounting to Rs. 115,600 for the un-utilized lease period. It was reported by the Ministry in reply, that the entire amount has since been recovered which fact can be verified by Audit. The Committee settled the para subject to verification by Audit.

275. *Loss of Rs. 237,463 due to payment of demurrage charges (Para 59, page 70-ARPSE).*—It was reported by Audit that, due to late clearance of eight consignments, Millat Tractors Ltd. paid demurrage charges amounting to Rs. 237,463 to Karachi Port Trust. The company in their reply blamed PNSC for an incorrect billing to the extent of Rs. 72,116 (which was corrected) and excessive demurrage amounting to Rs. 75,727 charged by the custom authorities. It was reported that the disagreement with customs had been resolved. The Committee did not offer any further observation.

(i) *Non-recover of cost of cloth Rs. 541,853 from the firm (Para 61, page 72-ARPSE)*—

(ii) *Loss of Rs. 0.6 million due to exposure of 300 Nos. of film screeens imported from abroad (Para 62, page 71-APRSE)*—

276. Audit reported that Harnai Woollen Mills Ltd. supplied 38,606 meters of Vicona Suiting and Fine Serge valuing Rs. 4.5 million on credit to a firm during 1982-83 for onward supply to PIAC. The firm in turn supplied only 29,561 meters to the PIAC of which 4250 meters were returned by PIAC retaining 4785 meters valuing Rs. 541,853. Recovery of the amount is still to be made. Ministry stated that legal action was being initiated against the firm. The Committee enquired how much losses Harnai Woollen Mills sustained in the preceding years. It was told by the Audit that in 1985-86 the loss was Rs. 17 million, in 1986-87 it was more than Rs. 26 million and last year *i.e.* 1987-88 it was to the extent of Rs. 16.521 million. Therefore, in view of the adverse financial position, as reported, it was decided by the Committee to form a Sub-Committee consisting of M/s. Sardar Ashiq Muhammad Khan Mazari, MNA and Syed Muhammad Aslam, MNA with a representative of Audit to inquire into the affairs of all the sick units of PIDC including Harnai Woollen Mills and Shahdadkot Textile Mills and render a report to the Committee.

Pakistan Steel Mills Corporation

277. *Loss of Rs. 6.456 million due to negotiation of documents against letter of indemnity (Para 64, page 73-ARPSE).*—Audit pointed out that Pakistan Steel supplied 60,000 M/Tons of Hard Coke valuing US $2.967 million to a foreign firm. The documents were sent to HBL for negotiation but they were refused to be negotiated. Ultimately, on specific request of the Corporation, HBL negotiated the documents under guarantee in May, 1982 and credited Rs. 33.325 million, equivalent to sale proceeds, to a seven days notice deposit account carrying 5/1-2% interest. However, the bank kept its lien on this amount and charged interest at the rate of 7/1-2% per annum. The sale proceeds was realised in April, 1984. The bank, besides retaining the gain on account of foreign exchange fluctuation, charged interest. Pakistan Steel sustained a loss of Rs. 6.456 million in the transaction. The Ministry in reply attributed the loss to non-availability of F.E. with Romanian Government and continuous increase in the purchase rate of US dollar. They also contended, that had the documents not been negotiated under guarantee, the total amount would have remained unrealised. The Committee directed the Ministry to pin point the names of the persons responsible for the loss and put up a detailed report in the next meeting.

(i) *Loss of Rs. 4.579 million due to un-warranted purchase of chemical (Para 65, page 74-ARPSE)—*

(ii) *Loss of US $ 100,852 (Pak Rs. 1.172 million) due to procurement of conveyer belt by ignoring the lowest bid (Para 66, page 75-ARPSE)—*

(iii) *Expected loss of Rs. 1.368 million due to non-recovery of dues (Para 67, page 76-ARPSE)—*

(iv) *Loss due to inadequate storage facilities (Para 71, page 79-ARPSE)—*

278. Various aspects of the above paras, which pertained to Pakistan Steel, were discussed. The Committee was not satisfed with the departmental replies. A Sub-Committee comprising of Syed Parvez Ali Shah Jillani, MNA and Sardar Ashiq Muhammad Khan Mazari, MNA alongwith a representative of Audit was appointed to investigate into the affairs of PASMIC and report back to the P.A.C.

National Cement Industries Limited

279. *Non-recovery of Rs.165,040 from chronic debtors (Para 73, page 81-ARPSE).*—Audit pointed out that a some of Rs. 165.040 was outstanding against private parties on account of sale of fire bricks since 1983. According to audit verification, in 1987 it transpired that only a sum of Rs. 41,000 was recovered and a sum of Rs. 21,000 was written-off unauthorisedly by a Works Manager while a sum of Rs. 14,000 was charged to losses on account of rebate and liquidated damages. The Committee directed that the balance of Rs. 88,000 may be recovered and severe disciplinary action should be taken against the officer responsible for misuse of his authority.

Zeal Pak. Cement Factory Ltd.

280. *Loss of Rs. 2.34 million due to cancellation of oil firing agreement (Para 75, page 82—ARPSE).*—Audit reported that in November, 1982, M/s. Zeal Pak Cement Factory Ltd. entered into an agreement with M/s. Textile Winding Machinery Corporation for supply, erection and installation of Oil Firing Equipment at a cost of Rs. 9.6 million. Rs. 2.3 million were paid as mobilisation advance in January, 1983. The contract was cancelled on 28-2-1983. The contractors claimed compensation of Rs. 4.5 million for the expenditure incurred on execution of contract. The arbitrator allowed retention of Rs. 2.3 million paid as mobilisation advance. The factory later on got the work done by its engineers at much lesser cost of Rs. 5.8 million. Audit suggested fixation of responsibility for the loss which has been written off. The Ministry in reply stated that there was shortage of gas in those days. On receiving a directive from the government to switch over to Furnace Oil, it was considered that Textile Winding Machinery Corporation would be able to deliver the goods but unfortunately they did not have the required expertise. The job was got done by factory itself at a low cost of Rs. 5.80 million. After considering the point of view of the Ministry it was directed by the Committee that the Ministry should avoid helping the sick units unnecessarily. The amount of the loss may however be a written/off.

Heavy Foundary and Forge Limited

281. *Loss of Rs. 1,553,619 due to abandonment of work and completion of left/over work through another agency (Para 77, page 83-ARPSE).*—Audit pointed out that a contractor was awarded contract by the Heavy Foundary and Forge Limited and the contract agreement was subsequently cancelled without invoking risk and cost clause and encashing performance bond because the management itself was responsible for terminating the contract on plea of financial stringency. Left-over work valuing Rs. 1.5 million was then got completed by another contractor by spending Rs. 3.0 million.

282. The Committee was not satisfied with the plea of financial stringency. It directed that the officer concerned be asked to explain the dubious decisions taken by him. It may also be examined if he could be removed from the Steel Mills, where was reportedly employed.

Pioneer Steel Mills

283. *Non-recovery of advances amounting to Rs. 119,272 from the employees (Para 81, page 87-ARPSE).*—Some progress was reported on recovery of Rs. 101,236 recoverable from the Firms *ex*-employees. The Committee settled the para subject to verification by Audit.

284. *Mis-appropriation of store worth Rs. 99,344 (Para 82, page 87-ARPSE).*—As reported, an *ex*-godown incharge, who had mis-appropriated G. I. Pipes worth Rs. 99,344, was absconding and a case was pending in court of law. On the assurance that physical verification of the stores will be carried out and security of the godowns improved, the para was dropped by the Committee subject to verification by Audit.

Spinning Machinery Company of Pakistan

285. *Shortage of stores worth Rs. 123,251 (Para 83, page 88-ARPSE).*—Audit reported that a store keeper in the Spinning Machinery Ltd. absconded from duty in June, 1983. His fidelity bond of Rs. 10,000 was not encashed before his services were terminated. Shortages of tools, which were finally valued at Rs. 123,251, were reported against him. Even after a lapse of six years the case has not been finalised. The Committee decided to drop the para subject to verification by Audit.

PERFORMANCE EVALUATION OF PUBLIC ENTERPRISES (VOL. IX—A-1987)

286. *Dir Forest Industries Complex Ltd. Chakdara District Dir (Paras 2.1 — 11, pages 144—193/Performance Evaluation Report (Vol. IX-A-1987).*—An evaluation, which highlighted serious problems in project execution, was presented by Audit representative. The project was approved by ECNEC in 1968. Although, the machinery started arriving in 1971, indecisiveness about the site entangled the project in a 10-year delay, during which the machinery was rusting in various places. Even after the project was completed in 1982 with a 382% cost over-run, it ran into immediate problems since the provincial government never made the raw material available in required quantity. The equity of the company has been wiped out completely and its inferior quality products are uncompetitive in the market. Although, a decision to transfer the project to the Provincial Government was taken in 1984, the transfer has not materialized.

287. On being informed by the departmental representative that a Committee formed by the Prime Minister was already reviewing the problem and a decision was expected by end of April 1989, the Chairman desired that a report of the Committee be made available to the PAC.

288. *Mustehkam Cement Ltd. Hattar (Paras 1.1—9.4, pages 99—128/Performance Evaluation Report (Vol-IX-A-1987).*—It was pointed out that Performance Evaluation was first made by Audit in 1980 and the results were satisfactory. To enhance capital formation, certain recommendations were made. Subsequently, action on two major recommendations was taken by the government and the subsidy was halted and payment of dividends was made more realistic. This time again, although, overall profitability and utilization of production facilities has been viewed satisfactorily by the evaluators, 12 recommendations have been made which have been taken up by the management for serious consideration.

289. The Chairman observed that nationalisation of industries was meant to provide relief to the general public but this has not proved true in case of Cement Industry. This was not a policy which could be appreciated. In fact the consumers interest should have been watched by the public organizations. The departmental representative, while acknowledging the steep increase in prices, attributed the increase to higher gas charges, Iqra surcharge, expenditure on indexation of pay, etc. He, however, promised to look into the matter in the light of the advice given by the Committee. The Department also agreed to review the issues of development surcharge and handling charges raised by the Audit.

290. *National Refinery Ltd., Karachi (Paras 1.1 — 9.5, pages 47—84/Performance Evaluation Report (Vol. IX-A-1987).*—Audit evaluation, while acknoweldging that NRL was a well managed, progressive and profitable company, indicated certain major problems. The company was facing serious liquidity problems since 1983 and was resorting to costly short-term borrowings to repay long-term obligations. The resulting financial charges were a major drain on its liquidity. The other cause of liquidity strain was *ad hoc* release of subsidy by government to maintain an 18% guaranteed return on paid-up capital. Unrealistic *ex*-refinery prices fixed by government, generous credit policy of the company, and excessive inventory, were some of the other problems. It was also pointed out, that the company had not benefitted from a realistic Kazi Committee recommendation (made in 1983), as the Ministry of Finance was dragging its feet on the final decision. The administrative structure, whereby, the company was under the Ministry of Production for 'administrative control' and the Ministry of Petroleum for 'functional control', was anomalous and not without its problems. The Committee, expressed its concern over the overly slow decision-making by Finance Division on matters crucial to a major enterprise and instructed that issues pertaining to subsidies, *ex*-refinery prices and 18% return on paid-up capital should be expeditiously resolved. It also directed, that the Committee's recommendation, that company be placed under one Ministry, be conveyed to the Prime Minister.

291. *Benzene, Toulene and Xylenes (BTX) Plant of 25,000 M. Ton Capacity (Para 6.2 (Annex-D-II-D, pages 70 & 90—92, Performance Evaluation Report (Vol-IX-A-1987).*—Replying to audit evaluation, the departmental representative stated that export price had gone down. The Committee observed that in international market, the wages of the workers were higher while in Pakistan, they were less. Even then the organization could not compete with the international market. Moreover, the plant was not running to its full capacity as only 20% capacity was being utilized. If the requirements of the organization were less then a smaller plant could have been installed to avoid higher investment on a big plant.

292. *Nowshera PVC Company (Private) Ltd. Nowshera (Paras 1.1 — 9.2, pages 4—38/Performance Evaluation Report (Vol-IX-A-1987).*—It was pointed out by audit that the Company was conceived in 1979 with three declared objectives, *viz.* provide alternate employment to employees of Nowshera DDT Factory (which was being closed), making use of building etc. of that factory, utilizing resin production capacity of PVC (Pakistan) and utilizing the assured requirement of WAPDA in SCARP Mardan. At the planning stage a review was carried out by Audit (while evaluating Nowshera DDT Factory) and it was pointed out that a project on this magnitude could not be based on a transitory 4 years requirement of SCARP Mardan. The Government, however, went ahead with the proposal. In implementing it, major deviations were made from the declared objectives. To begin, with the available building of the DDT Factory was ignored and a new one constructed at a cost of Rs. 3 million. Imported resin instead of available PVC (Pakistan) product was used. Although, the Company continued functioning and even expanding with WAPDA's patronage, now it appears that for some reason WAPDA is shifting its patronage to private parties. It was argued, that unless the patronage is restored, the company may face survival problems. The Auditor-General pointed out about the inadequate marketing efforts by the Company and failure of management in making the Company profitable.

293. The departmental representative stated that keeping in view the extent of Water Logging and Salinity in the country and projects like Chashma Right Bank Canal coming up, there is considerable long-term demand for the Company's products. The Committee was of the opinion that, while WAPDA patronage was important, (and the Committee would take up the issue with WAPDA when their accounts come up for discussion), Company should boost up their marketing efforts and try to be competitive in open market.

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

295. The Committee then adjourned to meet again at 9.30 A.M. on Sunday, the 19th March, 1989.

KHAN AHMAD GORAYA,
Secretary General.

ISLAMABAD:
The 10th December, 1992.

NATIONAL ASSEMBLY SECRETARIAT

Sunday, the 19th March, 1989.
Eleventh Sitting (PAC)

296. The Public Accounts Committee assembled at 9.30 A.M. in Committee Room No. 2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1985-86. The following members attended the meeting:—

Public Accounts Committee:

1. Mr. Hakim Ali Zardari, M.N.A. — *Chairman*
2. Syed Muhammad Aslam, M.N.A. — *Member*
3. Sardar Ashiq Muhammad Khan Mazari, M.N.A. — *Member*
4. Dr. Mehboob-ur-Rehman, M.N.A. — *Member*
5. Mr. Ihsan-ul-Haq Piracha, Minister of State for Finance. — Ex-Officio *Member.*

National Assembly Secretariat:

1. Mr. K. M. Chima, Secretary.
2. Mr. Moqimuddin, Deputy Secretary.
3. Mr. Mulazim Hussain Kazmi, Officer on Special Duty (PAC).

Audit:

1. Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
2. Syed Iftikhar Shabbir, Deputy Auditor-General (GA).
3. Mrs. Suraiya Hafeez, Deputy Auditor-General (CA&E).
4. Mr. A. A. Zaidi, Director General (GA).
5. Sh. Muhammad Sadiq, Accountant General Pakistan Revenues.
6. Mr. Fazlur Rehman, Director General (Commercial Audit).

Ministry of Finance and Planning and Development Division:

1. Dr. M. A. Aghai, Director General (Projects Wing), Planning and Development Division.
2. Mr. Ahmad Shamsul Huda, Joint Secretary (Exp.).
3. Mr. Ghazanfar-ullah Khan, F.A. (Budget), (Military Finance).

297. *Accounts Examined.*—Accounts pertaining to the following Departments/Division were examined by the Committee during the meeting:—

1. Supreme Court of Pakistan.
2. Election Commission of Pakistan.
3. Finance Division.

SUPREME COURT OF PAKISTAN

298. The Committee took up for its examination, the Appropriation Accounts etc. pertaining to the Supreme Court of Pakistan. The Supreme Court being represented by Mr. M.A. Latif, Registrar.

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

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1985-86)

300. *Appropriation-"Supreme Court" (Page 252-AA).*—There was a net saving of Rs. 313 after surrendering a sum of Rs. 807,553. No further comments were offered by the Committee.

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

ELECTION COMMISSION OF PAKISTAN

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

1. Mr. M. M. Kazim, Secretary.
2. Mr. Sarwar Khan Durrani, Joint Secretary.
3. Mr. Iftikhar Ahmed Qureshi, Deputy Secretary.
4. Mr. S. Niaz Muhamamd, Accounts Officers.

303. This Commission controlled the Appropriation "Elections".

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1985-86)

304. *Appropriation-"Elections" (Page 253-AA).*—An amount of Rs. 1,401,396 was surrendered which caused the grant to be closed with an excess of Rs. 39,213. The Committee accepted the departmental explanation and did not make any observation.

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

FINANCE DIVISION

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

1. Mr. R. A. Akhund, Secretary.
2. Mian Tayyab Hassan, Additional Secretary (E).
3. Mr. Rifat Askari, Additional Secretary (I).
4. Qazi M. Aleemullah, Additional Secretary (D).
5. Ch. Muhammad Ilyas, Joint Secretary (Budget).
6. Mr. M. Amjad Virk, Joint Secretary (Admn.).
7. Mr. Javed Ahmad Neol, Joint Secretary (Investment).
8. Mr. M. Zafar Iqbal, Joint Secretary (IF).
9. Syed Samsamul Haq, Joint Secretary (PCF).
10. Major Ahmad Nawaz Malik, Deputy Secretary (F&A).
11. Mr. Athar Mahmood, Deputy Secretary (IF).
12. Syed Mansur Alam Aquil, Director General (National Savings).
13. Syed Munir Hussain, Chairman (ADBP).
14. Dr. F. A. Rabbani, Chairman (HBFC).
15. Mr. A. Rashid Mian, Managing Director (SBFC).
16. Mr. Inamul Haq, Managing Director (AMSL).
17. Syed Iqbaluddin, Executive Vice-President (IDBP).

18. Mr. Nassar Ahmed, Executive Vice-President (NDFC).
19. Mr. Behram Hasan, Executive Vice-President (ICP).
20. Mr. Mubin Pasha, DCO (IDBP).
21. Mr. I.A. Hanfi, Secretary (EPF).
22. Mr. S. Sohail Ahmed, Director (F&A) (FBC).
23. Mr. Muhammad Ashraf, Chief Accountant (PSPC), Karachi.

307. This Division controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Finance Division.	38
2.	Pakistan Mint.	39
3.	Superannuation Allowances and Pensions.	40
4.	National Savings.	41
5.	Other Expenditure of Finance Division.	42
6.	Grant-in-Aid and Miscellaneous adjustment between Federal and Provincial Governments.	43
7.	Grants and subsidies to Non-financial Institutions.	44
8.	Federal Miscellaneous Investments.	133
9.	Other Loans and Advances by the Federal Government.	134
10.	Development Expenditure of Finance Division.	146
11.	Miscellaneous Capital Investments.	177
12.	Capital Outlay on Special Development Programmes of Provinces.	178
13.	Development Loans and Advances by the Federal Government.	179
14.	Appropriation-Audit.	—
15.	Appropriation-Servicing of Domestic Debt.	—
16.	Appropriation-Servicing of Foreign Debt.	—
17.	Appropriation-Repayment of Domestic Debt.	—
18.	Appropriation-Repayment of Foreign Debt.	—

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1985-86)

308. *Grant No. 38-Finance Division (Page 127-AA).*—The grant closed with a net saving of Rs. 742,546 after surrendering of Rs. 1,282,000. The Committee emphasized the need for better financial discipline while accepting justification for the saving.

309. *Grant No. 39-Pakistan Mint (Page 128-AA).*—There was a saving of Rs. 2,942. The Committee did not offer any comments.

310. *Grant No. 40 Superannuation Allowances and Pensions (Page 129AA).*—Excess of Rs. 50,974,304 under the "Charged" and Rs. 67,863,752 under the "Other than Charged" portion of the grant was attributed by the Ministry to indexation of Pension *w.e.f.* 1-7-1985, elimination of cut off points, restoration of commuted value of Pension, extending Family Pension *w.e.f.* 1-7-1985, for life to the widows etc. The Committtee recommended regularisation through Excess Budget Statement.

311. *Grant No. 41—National Savings (Page 130-AA).*—There was a saving of Rs. 161,429 on which no comments were offered by the Committee.

312. *Grant No. 42—Other Expenditure of Finance Division (Page 131-AA).*—There was a saving of Rs. 3,063,742,042 under the grant which was surrendered by the Ministry. The Committee did not make any observation.

313. *Grant No. 43—Grant-in-Aid and Miscellaneous adjustment between Federal and Provincial Governments (Page 132-AA).*—There was an excess of Rs. 47,879,782 in "other than charged" portion of the grant. The amount pertained to supplementary grant allowed by the Ministry. Audit pointed out that since the amount was not included in the Authenticated Schedule of Supplementary Budget, there was an excess over authorized grant.

314. The excess as such would be put up to the Assembly for post effective Authorization with the definite recommendation of the Committee, Keeping in view the heavy excess the Committee asked for full justification/details which were undertaken to be provided by the departmental representative. Further discussion was deferred pending provision of such information.

315. *Grant No. 44—Grants and Subsidies to Non-financial Institutions (Page 133-AA).*—The grant closed with a saving of Rs. 225,000,000. The departmental representative explained that the amount could not be surrendered in time because information about exemption order on an import surcharge could not be received in time. During discussion it was pointed out that the exemption order pertained to CBR. The Committee pointed out that since CBR was also under the Ministry of Finance, the justification was not acceptable. The Chairman CBR when asked to explain, stated that he will have to check the files before giving the information. It was suggested that this could be done when CBR accounts come up for discussion in the next session.

316. *General.*—At this stage, it was pointed out by the Auditor-General that while discussing the Accounts of Ministry of Production, an issue pertaining to delayed decision on subsidies related to National Refinery etc. had been raised. The Committee had then desired to take up the issue with Finance. Since the Secretary, Finance Division was not prepared further discussion was deferred on the understanding that the Ministry will look into the case.

317. *Grant No. 133-Federal Miscellaneous Investments (Page 134-AA).*—The grant after a surrender of Rs. 17,927,000 closed with a saving of Rs. 1,849,412. The Committee warned that such savings will not be readily accepted in future.

318. *Grant No. 134-Other Loans and Advances by the Federal Government (Page 135-AA).*—The grant closed with a net saving of Rs. 3,552,559 against a final grant of Rs. 5,570,572,000 ('Other than Charged' portion) which was less than 1% of the grant. The Committee once again reiterated that all excesses/savings irrespective of their percentage will have to be explained.

319. *Grant No. 146-Development Expenditure of Finance Division (Page 136-AA).*—The Ministry was asked to furnish the reasons for the excess of Rs. 11,850,000 before regularisation through Excess Budget Statement could be considered by the Committee.

320. *Grant No. 177-Miscellaneous Capital Investments (Page 137-AA).*—There was a net saving of Rs. 290,001 after surrendering Rs. 158,972,000. No further comments were offered by the Committee.

321. *Grant No. 178-Capital Outlay on Special Development Programmes of Provinces (Page 139-AA).*—After surrendering Rs. 674,258,000 the grant closed with a net saving of Rs. 432,992,000. It was explained that the grant pertained to special development programme of the Provinces in which the agreement was that the Federation will provide matching grants equal to the foreign assistance provided to the Provinces and the saving had occurred because of delayed adjustments. It was pointed out by Audit that the problem was not restricted to Finance Division alone. Previously EAD used to release the amount pertaining to all Ministries/Divisions and debit their accounts accordingly. The Ministries were not satisfied with this arrangement. Under the modified system although disbursel is through the EAD, the actual utilization is conveyed by the concerned Ministry. Apparantly even the modified system has also not resolved the problem. The Committee advised that an adequate procedure may be adopted after consultation with Provinces.

322. *Grant No. 179-Development Loans and Advances by the Federal Government (Page 140-AA).*—There was an excess expenditure of Rs. 641,513,136 under the section "Charged" and Rs. 7,976,896,275 under the section "Other than Charged". The PAC recommended excess expenditure for regularisation through Excess Budget Statement and warned the Ministry to be careful in future.

(i) *Appropriation—Audit (Page 141-A)—*
(ii) *Appropriation—Servicing of Domestic Debt (Page 142-AA)—*
(iii) *Appropriation—Servicing of Foreign Debt (Page 143-AA)*
(iv) *Appropriation—Repayment of Domestic Debt (Page 144-AA)—*
(v) *Appropriation—Repayment of Foreign Debt (Page 145-AA)—*

323. There was a saving of Rs. 3,303,307 under the above Appropriation-Audit, which mainly due to ban on recruitment during the year. The Committee did not make any observation. The other four Appropriations needed reconciliation between the AGPR and the Finance Division. Consideration of these grants was deferred till the actuals are reconciled.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII—1985-86)

Agricultural Development Bank of Pakistan

324. *Infructuous expenditure of Rs. 57,500 on the appointment of consultant (Para 26, page 43-ARPSE)*—According to Audit ADBP appointed a Consultant for small H.P. Tractors on contract basis in October, 1984 for one year. Neither the work assigned to him was specified nor work done was available on record. The consultant was arrested on the orders of Ombudsman in April, 1985 and remained behind the bars till July of that year.

325. Audit held that since the Consultant did not provide any services, the payment made to him was not justified. While the Audit's point of view was up-held as valid, it was felt that pursuing the matter further would be unproductive and nothing concrete could be hoped to be achieved in this old case. The request of the departmental representative to close the case was acceded to by the Committee.

Equity Participation Fund

326. *Working results of EPF (Para 190, page 187-ARPSE).*—Audit pointed out that Rs. 104 million were invested in 160 Companies. Accumulated losses of 37 of these companies reduced book value of the investment from Rs. 23 million to Rs. 9.6 million. 111 Companies had not rendered their accounts. It was informed that the Equity Participation Fund was essentially in the nature of a subsidy for small enterprenuers in under developed areas. The Committee wanted to know if the impact/benefit of this scheme which was in operation since 1960's, had been evaluated. Not being satisfied with the answer it decided to appoint a Sub-Committee consisting of Sardar Ashiq Muhammad Khan Mazari, M.N.A. and Dr. Mehboob-ur-Rehman, M.N.A. with a view to examining the justification of the scheme. The Sub-Committee was asked to report the result in the next PAC meeting. The Principal Accounting Officer also undertook to submit his own review report.

Federal Bank for Co-operatives

327. *Unjustified establishment of Building Section in anticipation of buildings, construction work resulting into an expenditure of Rs. 428,701 (Para 27, page 44-ARPSE).*—Audit pointed out that Board of Directors decided to construct Bank Building in December, 1981. In anticipation, staff for building section was employed in June, 1983. Board dropped the project in 1985. Rs. 428,701 were spent on Pay and Allowances of the Staff from 1983 to 1986. The expenditure thus proved infructuous. The Committee directed that full justification for appointment of staff for Building Section and Construction of Building be put up before the Committee in its next meeting when a Performance Evaluation of the Bank will also be presented by the Auditor-General.

Agricultural Marketing and Storage Limited

(i) *Increase in Debt considered doubtful for recovery (Para 193, page 188-ARPSE)—*
(ii) *Working Results-Bad Position of Equity (Para 195, page 189-ARPSE)—*
(iii) *Expected loss of Rs. 14 million and non-recovery of debts (Para 196, page 190-ARPSE)—*
(iv) *Receivable (subsidy) of Rs. 72 million (Para 197, page 190-ARPSE)—*

328. Federal Bank for Co-operatives loaned Rs. 94 million to Agricultural Marketing and Storage Ltd. AMSL utilized this amount to procure potatoes from farmers. This was done under a government policy to support the farmers. Due to its inexperience etc. AMSL project ran into major problems. It was reported that although Finance had provided financial relief, immediate clearance of the Federal Bank for Co-operatives loans will land AMSL in serious financial problems. A phased repayment was being considered. The Committee pended further consideration because a Committee set-up by Minister of State for Finance was already examining the issue. The Chairman PAC, however, directed AMSL management to expedite recovery from defaulters even by instituting criminal cases.

House Building Finance Corporation

329. *Non-reconciliation of Rs. 1.257 million Bank Accounts (Para 199, page 192-ARPSE).*—It was reported by the Audit that a liability of Rs. 1.257 million shown as net book balance of different bank accounts at District level had not been reconciled. It was pointed out by the departmental representative that reconciliation has been made. The Committee directed Audit to verify reconciliation subject to this the para was settled.

Industrial Development Bank of Pakistan

330. *Outstanding Advance (Para 201, page 194-ARPSE).*—Audit reported that outstanding advances of Rs. 4353 million as on 30-6-1986 included Rs. 1318 million overdue loans Rs. 1025 million were over-due for more than two years. Audit suggested strenuous efforts for early realisation. The departmental representative stated that out of Rs. 1025 million pointed out by Audit, Rs. 355 million have been recovered and cases of Rs. 357 million have been referred in the Courts. Efforts are underway to recover the remaining amount. It was also pointed out the devaluation and escalating cost of debt servicing has adversly affected the viability of many units and defaulters have increased. The position of IDBP is not so bad in this context. It was further observed that the bad loan portfolio is under review to arrive at a meaningful picture. The Committee observed that writing-off of bad debts should be done very carefully. The Chairman, PAC also conveyed his intention to bring all nationalized banks within the audit perview of Auditor-General. This was done when it was pointed out that IDBP may refuse Government Audit. Minister of State for Finance who was also present, pointed out that the consideration was premature till a formal reference is made to Audit.

Pakistan Security Printing Corporation Limited

331. *Blockade of capital amounting to Rs. 125.022 million (Para 28, page 44-ARPSE).*—Audit reported that printing machinery valuing Rs. 125 million imported during 1982—84 remained uninstalled which has resulted in blockade of capital. Besides, Corporation had paid Rs. 1.5 million upto December, 1985 on marine insurance of the machinery Company. PC-I of the Project was approved back in 1979 and has been revised twice in 1983 and 1986. Audit held that the situation reflected mis-management and poor planning. The Committee directed that the Corporation should explain the causes of mis-management and bad planning and explanation of the officers responsible for it may be called and put up in the next meeting.

332. *Extra expenditure of Rs. 0.1 million due to uneconomical purchase of White Offset paper (Para 29, page 45-ARPSE).*—Audit pointed out that Pakistan Security Printing Corporation made certain purchases without following the prescribed procedure of inviting open tenders. Since the

purchase pertained to 1982 and the amount being small the para was dropped after warning the department to be careful in future.

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

334. The Committee then adjourned to meet again at 9.30 A.M. on Tuesday, the 21st March, 1989.

ISLAMABAD :
The 10th December, 1992.

KHAN AHMAD GORAYA,
Secretary General.

NATIONAL ASSEMBLY SECRETARIAT

Tuesday, the 21st March, 1989.
Twelfth Sitting (PAC)

335. The Public Accounts Committee assembled at 9.30 A.M. in Committee Room No. 2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1985-86. The following members attended the meeting:—

Public Accounts Committee:

1. Mr. Hakim Ali Zardari, MNA — *Chairman*
2. Syed Muhammad Aslam, MNA. — *Member*
3. Syed Parvez Ali Shah Jillani, MNA. — *Member*
4. Sardar Ashiq Muhammad Khan Mazari, MNA. — *Member*
5. Dr. Mehboob-ur-Rehman, MNA. — *Member*

National Assembly Secretariat:

1. Mr. K. M. Chima, Secretary.
2. Mr. Moqimuddin, Deputy Secretary.
3. Mr. Mulazim Hussain Kazmi, Officer on Special Deputy (PAC).

Audit:

1. Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
2. Mrs. Suraiya Hafeez, Deputy Auditor-General (CA&E).
3. Mr. A. A. Zaidi, Director-General (GA).
4. Sh. Muhammad Sadiq, Accountant General Pakistan Revenues.
5. Mr. Fazlur Rahman, Director-General (CA).
6. Mr. Zulqarnain Qureshi, Director-General Audit (Federal Govt.).
7. Mr. Ghulam Hussain Bosan, Director Foreign Audit, Islamabad.
8. Mr. Shaiqul Khairi, Director Audit, Industries Supply and Food, Karachi.

Ministry of Finance and Planning and Development Division:

1. Mian Abdul Hakeem, Director (Projects Wing), Planning and Development Division.
2. Mr. Muhammad Ismail Marrif, FA (Food & Agriculture).

336. *Accounts Examined.*—Accounts pertaining to the following Ministry/Divisions were examined by the Committee during the meeting:—

1. Ministry of Food and Agriculture.
2. Pakistan Atomic Energy Commission.
3. Works Division.
4. Environment and Urban Affairs Division.

MINISTRY OF FOOD AND AGRICULTURE

337. The Committee took up for its examination, the Appropriation Accounts, Audit Report etc. pertaining to the Ministry of Food and Agriculture. The following departmental representatives

were present:—

1. Capt. (Retd.) U.A.G. Isani, Secretary.
2. Mr. Abdul Rauf, Additional Secretary.
3. Mr. Anwarul Haq Raazi, Additional Secretary.
4. Mr. Ayaz Ali Shah, Joint Secretary (E).
5. Mr. Z.U. Khan, Joint Secretary (A).
6. Mr. Muhammad Bashir, Joint Secretary (Food).
7. Mr. Muhammad Anwar Khan, Joint Secretary (Livestock).
8. Mr. M. A. Farouk, Deputy Secretary (Co-ord/F&A).
9. Mr. Sirajuddin Ahmad, Deputy Secretary (Storage).
10. Mr. Sulaiman Shah Mian, Deputy Secretary (AI).
11. Mr. Gul Nawaz Malik, Officer on Special Duty (F&A).
12. Mr. Abeed Ullah Jan, Inspector General (Forest).
13. Dr. M. Noorullah, Wheat Commissioner.
14. Dr. A. H. Maan, Economic Consultant.
15. Dr. Muhammad Sharif, Commissioner (Spl. Crop).
16. Dr. Baz Muhammad Khan, Director-General (WM).
17. Dr. Abdul Kafi, Adviser and Director (P. P. Deptt).
18. Mr. Muhammad Younus Khan, Director-General (Fisheries).
19. Mr. Khalid Ahmad, Director-General (FID).
20. Mr. Iqbal Ahmed Turk, Managing Director (KFHA).
21. Mr. Muhammad Alim Mian, Director-General (Soil Survey).
22. Maj. General Tariq Nizami, Managing Director (PASSCO).
23. Mr. Anis Ahmed, Director-General (Food).
24. Mr. Muhammad Islam, General Manager (F) (GCP). Ministry of Industries.
25. Syed Irfan Ahmad, Director-General (FSCD).

338. This Ministry controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Food and Agriculture Division.	52
2.	Forest.	54
3.	Plant Protection Measures.	55
4.	Other Agricultural Services.	56
5.	Subsidy on Wheat.	57
6.	Zoological Survey Department.	58
7.	Livestock Division.	59
8.	Fisheries.	60
9.	Other Expenditure of Food and Agriculture Division.	61
10.	Capital Outlay on Purchase of Food.	128
11.	Capital Outlay on Purchase of Fertilizer.	129
12.	Development Expenditure of Food and Agriculture Division.	149
13.	Development Expenditure of Livestock Division.	151
14.	Capital Outlay on Food Storage and Other Works.	180

APPROPRIATION ACCOUNTS (CIVIL) (Vol. I—1985-86)

339. *Grant No. 52-Food and Agriculture Division (Page 156-AA).*—There was a saving of Rs. 836,953 which the Ministry attributed to vacant posts and non-purchase of staff car for National Commission on Agriculture. No comments were offered by the Committee.

340. *Grant No. 54-Forest (Page 158-AA).*—Saving of Rs. 741,920 was shown which was due to keeping certain posts vacant. No comments were offered by the Committee.

341. *Grant No. 55-Plant Protection Measures (Page 159-AA).*—Saving of Rs. 24,685,872 was shown. The Committee took serious note of the saving of Rs. 24,685,872 against cotton spray allocation, and directed that the officer responsible for allowing the under-utilization of available funds be called upon to explain the reasons for Committee's consideration.

342. *Grant No. 56-Other Agricultural Services (Page 160-AA).*—Net saving of Rs. 74,820 after surrendering an amount of Rs. 2,763,700 was reported. No comments were offered by the Committee.

343. *Grant No. 57-Subsidy on Wheat (Page 161-AA).*—The saving of Rs. 1,000 did not attract any comments from the Committee.

344. *Grant No. 58-Zoological Survey Department (Page 162-AA).*—The saving of Rs. 140, 879, due to vacant posts, which was not commented upon by the Committee.

(i) *Grant No. 59-Livestock Division (Page 163-AA)*—
(ii) *Grant No. 60-Fisheries (Page 164-AA)*—

345. Although no comments were offered by the Committee on the savings of Rs. 435,579 and Rs. 577,351, it was directed that Performance Audit of the Livestock Division (covering expenditure incurred against both the grants) be carried out as its area of responsibility was primarily a provincial subject.

346. *Grant No. 61-Other Expenditure of Food and Agriculture Division (Page 165-AA).*—Against a saving of Rs. 2,016,059 a sum of Rs. 2,133,300 was surrendered by the Ministry. No comments were offered by the Committee.

347. *Grant No. 128-Capital Outlay on Purchase of Food (Page 166-AA).*—Net saving of Rs. 22,030,930 after surrendering an amount of Rs. 2,199,451,866 was reported which was attributed to less than anticipated import of wheat. No comments were offered on the saving. The Committee directed the Administrative Ministry to improve their storage of wheat to minimize waste in future, and asked that a report on wastage of wheat due to improper storage and the plans to curtail it, be submitted to the Committee.

348. *Grant No. 129-Capital Outlay on Purchase of Fertilizer (Page 167-AA).*—Saving of Rs. 123,363,029 was reported and was attributed to non payment of incidental and other expenses etc. The departmental representative further explained that 100,000 tons of DAP fertilizer arrived at the close of financial year, 1986 and payments on account of incidentals etc; could not be made and had to be carried over to 1986-87. The Committee did not comment on the saving. On Chairman PAC's directive, departmental representative undertook to provide list of firms to whom tenders were awarded during the last four to five years.

349. *Grant No. 149-Development Expenditure of Food and Agriculture Division (Page 168-AA).*—Net saving of Rs. 86,746,814 after surrendering a sum of Rs. 703,895,123 was reported by the Department. It was explained that the saving was essentially a technical saving because utilization of foreign aid takes time to get reflected in the Accounting system. The Committee agreed with the Auditor-General that such things made legislature's financial control very difficult. A Sub-Committee consisting of Dr. Mehboob-ur-Rehman, MNA was formed to review why foreign aid remains un-utilized and what measures can be taken to streamline procedures.

350. *Grant No. 151-Development Expenditure of Livestock Division (Page 170-AA).*—There was a net saving of Rs. 39,996,104 against a grant of Rs. 51,502,000, of which Rs. 24,512,400 had been surrendered. The saving being 78% of the grant attracted the attention of the Committee. The saving was attributed to non-adjustment of foreign aid component in time. After discussion, on a suggestion of the Auditor-General, it was agreed that A.G.P.R., Islamabad will make a review in consultation with E.A.D. and suggest how Foreign Aid transactions be adjusted in the same year. They shall also evolve a system for proper accounting of foreign aid expenditure to which loaning agencies may have no objection.

351. *Grant No. 180-Capital Outlay on Food Storage and Other Works (Page 171-AA).*—Net saving of Rs. 90,971,925 after surrendering an amount of Rs. 101,326,500 was reported which was mainly due to non-release of funds by the Finance Division, which as explained was due to resource constraints in the year 1985-86. No further comments were offered by the Committee.

AUDIT REPORT (CIVIL) (VOL. I—1985-86)

352. *Recoveries for short-receipt of Store not effected $772,655 (Rs. 12,838,126) (Para 1, page 55-AR).*—Audit reported that in December, 1985 consignments of oil and fertilizer shipped from USA were short received but the recoveries have not been made. The departmental representative pointed out that edible oil shipments are subject to short landing due to various factors including liquid nature. Besides shortages were less than 0.5% which is close to tolerance limit. It was pointed out that National Insurance Company does not cover shortage upto one per cent where as in U.S. the coverage is upto 0.5 per cent. The Committee directed the Administrative Secretary to take up the matter with NIC as to why they do not cover losses upto 1%. It was also discussed that the cost-effectiveness of expensive litigation in such cases be also reviewed by the Ministry.

353. *Loss due to short-landing and damage of fertilizer and incurrance of extra expenditure of Rs. 4.43 million (Para 2, page 56-AR).*—Audit reported that in the case of a vessel carrying 12,905 M/tons, imported fertilizer shortages amounting to Rs. 4.43 million took place due to damaged fertilizer, short-landing and extra stevedoring charges. Although an *ex*-Deputy Director was held responsible, no action was taken against him for 18 months. The departmental representative asked for further time to examine this aspect. The Committee deferred consideration of the audit para.

354. *Non-recovery of cost of wheat short despatched (Rs. 1.06 million) by a handling Agent (Para 3, page 56-AR).*—Since the departmental reply was not properly linked, the para was deferred.

355. *Loss of Rs. 2,633,780 due to shortage of imported wheat (Para 4, page 57-AR).*—In a case of short landed wheat, the department maintained that there was no shortage in the total consignment imported in 8 ships The Audit was sceptical as to how a shortage, acknowledged as such for many years, has now been converted into a surplus after 10 years of the occurrance. The Committee directed the departmental representative to look into the matter afresh and report back to the Committee.

356. *Irregular use of empty bags valuing Rs. 119,844 (Para 7, page 58-AR).*—Audit pointed out that 19,974 empty water proof polythene bags valuing Rs. 119,844 were misused for filling the holes of CA wagons provided by railways for despatch of fertilizer, although, cleaning the wagons and covering holes was the responsibility of stevedoring contractor. The Ministry explained that no doubt, it was the responsibility of the Stevedors to fill the holes, yet, the condition of some wagons was so bad and, the storage place being covered with filth and cowdung, that inspite of cleaning it was not possible to load fertilizer bags without risking the consignment. The amount involved being small it was decided by the Committee to drop the para.

357. *Loss of Rs. 0.993 million due to shortlanding, shortages, damages etc. in imported fertilizer (Para 8, page 58-AR).*—Audit reported that loss of Rs. 0.993 million due to shortages, damages and shortlanding had been pointed out in 13 ships. The department acknowledged all these losses and has

started initiated regularization action. It was inquired as to why the process of regularization had taken 8 years. The departmental representative replied that inquiries are being carried-out by them and the losses will be regularized soon. The Committee decided that regularization action should be completed within one month's time and report rendered to Committee.

358. *Performance Audit Report on Islamabad Milk Plant (Paras 1 — 10.3, pages 65 — 81-AR).*—Audit reported that Islamabad Milk Plant was installed in 1974 at a cost of Rs. 2.57 million with the objective of catering for the milk requirements of Rawalpindi and Islamabad. It was subsidised by the Government and total Government investment reached Rs. 9.5 million by 1981. The Plant operated for 7 years but never achieved the planned capacity of 7,200 litres milk per day. The annual production of milk and butter remained much below the target. The plant sustained persistant financial losses during the entire period of its operations. In August 1981 the President of Pakistan directed that the plant should be dis-invested by 31st December, 1981. The departmental representative added that Ministry had gone into the court against the defaulter and as soon as the case was decided by the court the Department will take possession of the project site and dispose it off.

359. The Committee directed the Ministry to expedite the case and try to negotiate with the party to avoid further delay out of court if possible. A compliance report should be submitted in the next meeting of the PAC.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII—1985-86)

Pakistan Agricultural Storage and Services Corporation Ltd.

360. *Working results of PASSCO (Paras 216-217, page 204-ARPSE).*—It was pointed out by Audit that the Corporation earned Rs. 30 million operating profit during 1985 compared to Rs. 80 million in the previous year. Accumulated loss of Rs. 461 million had eroded the issued, subscribed and paid-up capital of Rs. 30 million and made survival of the Corporation doubtful. It was resorting to commercial borrowing to meet operating expenses with the effect that financial expenses increased from Rs. 196 million in 1985 to Rs. 334 million in 1987. It was suggested that operating expenses be reduced and the sales increased if Corporation is to survive.

361. The departmental representative pointed out that the Federal Inspection Commission who had studied the Corporation had made certain recommendations which are under review. The Committee directed that the Corporation, which is in a very difficult financial position, should receive attention from the Ministry of Finance; which should help it recover outstanding amounts from provinces, even if at source deductions from budget allocation are required. The Chairman finally directed that the Ministry of Finance should look into it and give a report to the Committee, the para was deferred.

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

PAKISTAN ATOMIC ENERGY COMMISSION

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

1. Mr. Munir A. Khan, Chairman.
2. Mr. Bashir A. Bhatty, Member (Finance).
3. Mr. Sharafat Ali Khan, Director (Audit).
4. Mr. Mushtaq Rasool Ch. Director (Budget).
5. Syed Mazher Imam, SAO (Audit).
6. Mr. Sajjad Ahmad, A.O. (A).

364. This Commission controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Atomic Energy	12
2.	Capital Outlay on Development of Atomic Energy.	169

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1985-86)

365. *Grant No. 12-Atomic Energy (Page 28-AA).*—The saving of Rs. 595,500 was surrendered. No comments were offered by the Committee.

366. *Grant No. 169-Capital Outlay on Development of Atomic Energy (Page 32-AA).*—The saving of Rs. 66,733,500 due to revision of A.D.P. allocation/non-release of funds by the Government was surrendered. No comments were offered by the Committee.

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

WORKS DIVISION

368. Since the Principal Accounting Officer (Secretary) was not available, the discussion was deferred.

ENVIRONMENT AND URBAN AFFAIRS DIVISION

369. Since the Principal Accounting Officer (Secretary) was not available, the discussion was deferred.

370. The Committee thereafter, adjourned *sine-die*.

ISLAMABAD :
The 10th December, 1992.

KHAN AHMAD GORAYA,
Secretary General.

NATIONAL ASSEMBLY SECRETARIAT

Tuesday, the 16th May, 1989.
Thirteenth Sitting (PAC).

371. The first meeting of the second session of Public Accounts Committee was held at 9.30 A.M. as usual in Committee Room No. 2 of the Parliament House, Islamabad. The Committee continued its examination of the Federal Accounts for 1985-86. The following members attended the meeting:—

Public Accounts Committee:

1.	Mr. Hakim Ali Zardari, MNA.	*Chairman*
2.	Dr. Mahboob-ur-Rehman, Minister of State for Food and Agriculture.	*Member*
3.	Syed Muhammad Aslam, MNA.	*Member*
4.	Sardar Ashiq Muhammad Khan Mazari, MNA.	*Member*
5.	Raja Muhammad Afzal Khan, MNA.	*Member*

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Joint Secretary.
2. Mr. Arif Mansur, Deputy Secretary (PAC).
3. Mr. Mulazim Hussain Kazmi, Officer on Special Duty (PAC).

Audit:

1. Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
2. Syed Iftikhar Shabbir, Deputy Auditor-General (GA).
3. Mrs. Suraiya Hafeez, Deputy Auditor-General (CA&E).
4. Mr. A. A. Zaidi, Director-General (GA).
5. Sh. Muhammad Sadiq, Accountant General Pakistan Revenues
6. Mr. Zulqarnain Qureshi, Director-General Audit (Federal Govt.)
7. Mr. Fazlur Rehman, Director-General (CA).

Ministry of Finance and Planning and Development Division:

1. Dr. M. A. Aghai, Director-General (Projects Wing), Planning and Development Division.
2. Mr. Muhammad Rafiq Asghar (FA), (Petroleum and Natural Resources).
3. Mr. Mukhtar Haider Shah (DFA), (Petroleum and Natural Resources).
4. Mr. M. Athar Siddiqi, (DFA) (Cabinet/Prime Minister's Secretariat).

372. *Accounts Examined.*—Accounts pertaining to the following Ministry/Secretariats were examined by the Committee during the meeting:—

1. Ministry of Petroleum and Natural Resources.
2. Senate Secretariat.
3. Prime Minister's Secretariat (Public & Internal).

MINISTRY OF PETROLEUM AND NATURAL RESOURCES

373. The Committee took up for its examination the Appropriation Accounts, Audit Report etc., pertaining to the Ministry of Petroleum and Natural Resources. The following departmental

representatives were present:—

1. Mr. Khan Tariq Hamid, Secretary.
2. Mr. M. Ilyas Lodhi, Joint Secretary.
3. Mr. A.A.A.A Shah Bokhari, Section Officer.
4. Mian M. Farid, Managing Director (PSO).
5. Mr. A.R.D. Memon, Director-General (NRER).
6. Mr. Shahid Ahmad, Director-General (PC).
7. Mr. Hilal A. Raza, Director-General (HDIP).
8. Mr. A.H. Kazmi, Director-General (GSP).
9. Mr. M. M. Khan, Chairman, (PMDC).
10. Mr. Zafar Mahmood, Director Finance (PMDC).
11. Mr. A. Jabbar Khan, Chief Auditor (PMDC).
12. Mr. Saghir Asad Hasan, Member Finance (OGDC).
13. Mr. Khalid Rahim, General Manager (Production) (OGDC).
14. Mr. Nawaz Khan, Secretary (Mineral Co-ord Board).
15. Mir Afzal Khan, Deputy General Manager (F) (GEMCP).
16. Mr. Syed Ahmad, General Manager Finance (RDC).

374. This Ministry controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Ministry of Petroleum and Natural Resources	103
2.	Geological Survey	104
3.	Other Expenditure of Ministry of Petroleum and Natural Resources	105
4.	Development Expenditure of Ministry of Petroleum and Natural Resources	161
5.	Capital Outlay on Petroleum and Natural Resources	183
6.	Capital Outlay on Mineral Development.	184

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1985-86)

375. *Grant No. 103—Ministry of Petroleum and Natural Resources (Page 272-AA).*—A saving of Rs. 352,711 was reported against the grant which had not been surrendered. The Principal Accounting Officer was advised to ensure timely surrender in future.

376. *Grant No. 104—Geological Survey (Page 273-AA).*—The saving of Rs. 2,217,751 had not been surrendered. The Committee desired that whoever was responsible for the non-surrender should be held accountable for the lapse and be asked to explain the position.

377. *Grant No. 105—Other Expenditure of Ministry of Petroleum and Natural Resources (Page 274-AA).*—The saving of Rs. 195,160,366 had been surrendered by the Ministry. No comments were offered by the Committee.

378. *Grant No. 161—Development Expenditure of Ministry of Petroleum and Natural Resources (Page 275-AA).*—The grant closed with a net saving of Rs. 2,123,499 after a surrender of Rs. 6,274,000. The need for timely surrender of all anticipated savings was emphasized by the Committee and it was directed to obtain explanation of the concerned officers who were responsible for not surrendering the large savings.

379. *Grant No. 183—Capital Outlay on Petroleum and Natural Resources (Page 276-AA).*—The grant closed with a net saving of Rs. 1,661,476 million. There was some disagreement about the actuals. The departmental figures reported an expenditure of Rs. 1,959,899 million as compared to

audit figures of Rs. 1,117,109 million. The variation as such amounted to Rs. 861,806 million. It was pointed out that certain amounts pertaining to 1985-86 were advised and booked in 1986-87 and certain others in 1987-88. The Committee observed that this indicated lack of control and lack of concern to surrender practically huge amounts which could have been utilized elsewhere. It was the responsibility of the Principal Accounting Officer to ensure effective control. The Committee desired that the explanation of the concerned officer be obtained.

380. *Grant No. 184—Capital Outlay on Mineral Development (Page 280-AA).*—The Ministry surrendered an amount of Rs. 10,867,000 leaving a net saving of Rs. 28,421,178. It was explained that utilization of grant money presented certain peculiar problems as control is shared by donar agencies. The Committee did not accept the explanation. It observed that unless the officers responsible were held Personally accountable, financial controls would not improve. It was reiterated that explanations of the Principal Accounting Officer and others concerned, who failed to exercise proper control over the resources placed at their disposal, be called for and submitted to the Committee.

AUDIT REPORT (CIVIL) (VOL. I—1985-86)

Hydrocarbon Development Institute of Pakistan

381. *Loss due to irregular advance Payment of rent of a hired house Rs. 30,000 (Para 3, pages 226-227-AR).*—Audit had contended that a house at a monthly rental of Rs. 30,000 was kept provided to an officer for 10 months after expiry of his contract. The Principal Accounting Officer informed the Committee that rent had been recovered from the officer and the house dehired. Audit was asked to verify recovery.

382. *Non-recovery of Rs. 16,848 on account of irregular award of advance increment (Para 4, page 227-AR).*—Advance increments had been allowed to an officer on the basis of a fake degree. Committee was informed that a court case for recovery had been filed. The Committee desired that a criminal case for presenting a fake degree may also be initiated.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII—1985-86)

Pakistan Mineral Development Corporation (Private) Limited

383. *Audit comments on the accounts of PMDC (Para 329, page 270-ARPSE).*—Audit representative, while commenting on the over-all financial position, observed that the situation is gradually getting worse. The accumulated losses of the PMDC projects and of its subsidiaries as on 30-6-1988 amounted to Rs. 282.75 million. Various aspects of the constraints, faced by the Corporation like difficulties of retrenchment of employees, under-hand methods employed by competitors, unrealistic salt prices etc. were discussed.

384. It was also observed that there was a need to have a fresh look at the working and prospects of the units. In the opinion of the Auditor-General, such units and Corporations act as a financial hemorrages and in turn lead to bigger problems like deficit financing. The Committee agreed that the basic issue was the responsiveness of high level decision making to Public Sector Ventures which run into problems and continue to bleed the economy, while hard decisions pertaining to their survival are shyed away from.

385. The PAC directed that a Committee, consisting of Secretary Finance, Secretary, Planning and Development Division, Secretary, Ministry of Petroleum and Natural Resources and a representative of the Auditor-General, may deliberate on the problems presented by PMDC and submit its report within 7 days. It was further decided that Secretary Ministry of Petroleum and Natural Resouces will be responsible for convening the meeting and submitting it report.

386. *Performance Audit Report on Coal Washing Plant, Sharigh (Para 337, pages 277 — 297-ARPSE).*—Audit argued that a total investment of Rs. 82.122 million spent on a disastrous project should not be summarily written-off without a thorough probe. It was highlighted, that the plant was meant to meet a specific requirement of the Pakistan Steel Mills, but the only client rejected the product being sub-standard. The plant could not produce the intended product because of an inherent engineering defect in the design. It was also observed that clauses favouring the contractor were incorporated in the contract. The departmental representative agreed that it was a project with which everything went wrong. The Committee, while agreeing that write-off action could not be taken lightly, directed that the Committee appointed to review PMDC (Para 385 ante) may consider the position regarding this plant as well and offer its comments.

Oil and Gas Development Corporation

387. *Audit comments on the accounts of OGDC (Para 317, page 263-ARPSE).*—Commenting on the financial position of the Corporation, Audit representative highlighted accumulated losses which had risen to Rs. 2146.621 million by 30-6-1988. Attention was also drawn to heavy expenditure on unsuccessful drilling. The departmental representative argued that oil/gas exploration was a capital intensive activity. He observed that the success ratio in Pakistan was much higher than the world average. While appreciating the general merit of this argument, Audit took-up the contention that even in an activity, where immediate profitability was not an effective criteria, certain indicators were available to throw light on the qualitative aspect of management. One such indicator was the time lag in converting successful drilling into operational wells. Another indicator was as to how a capital intensive Corporation was managing its inventory.

388. It was further observed that the over-all accumulated loss would top the figure of Rs. 3 million after actual inventory obsolescence was taken into account. After discussion, the Committee desired that the reasons for a huge build-up of obsolete inventory amounting to Rs. 1 billion be examined and the Finance Director who failed to take timely action in this regard be called upon to explain the position.

389. *Payment of demurrage charges Rs. 18.193 million in foreign currency due to excess consumption of pumping time (Para 49, page 61-ARPSE).*—The Directorate of oil Marketing Petroleum Division paid an amount of Rs. 18.193 million on account of demurrage charges during the years 1978-79 to 1983-84. The departmental representative disagreed with the basis of audit's calculation and also pointed out that installing a pipeline with 20" diametre had improved the position and demurrage charges have been reduced 35% of the original level. The Committee did not consider it a satisfactory justification and felt that on the spot review of the system and procedures was required to examine the reasons of this unnecessary drain on national resources. A Sub-Committee, consisting of Dr. Mehboob-ul-Rehman, MNA (Convener) and Syed Muhammad Aslam, MNA and also including an Audit representative, was formed to review the handling of petroleum shipments by Petroleum Division.

Gemstone Corporation of Pakistan Ltd.

390. *Audit comments on the accounts of Corporation (Para 315, page 261-ARPSE).*—The Corporation sustained a net loss of Rs. 9.199 million in 1985-86, Rs. 12.626 million in 1986-87 and Rs. 13.483 million in 1987-88. The accumulated loss had virtually eroded the equity of Rs. 60.473 million. Audit pointed out that their Performance Evaluation, presented in an earlier PAC meeting, had highlighted that the Corporation did not have an adequated system for evaluating diamonds, marketing effort is very limited, sale through sale points rather than auctions is not a feasible option and that the process losses are very high. It was also pointed out that the previous PAC had desired that a detailed paper be submitted to it.

391. The Principal Accounting Officer agreed with Audit's assessment that the Corporation was in an adverse situation which required fresh thinking. The chief executive of the Corporation disputed this assessment and argued that the Corporation had made considerable achievements in the face of tremendous constraints. He argued that the major problem that the Corporation faced was that its real market was in foreign countries and there was no effort to tap these markets. Members of the PAC, however, felt that the Corporation was in trouble essentially due to mis-management and pilferages.

392. A Sub-Committee comprising Dr. Mehboob-ur-Rehman, MNA (Convener) and Sardar Ashiq Muhammad Khan Mazari, MNA was appointed to review the working of the Corporation. It was also directed that the paper prepared under the previous directive of the PAC may be submitted to the Sub-Committee.

Pak. Stanvac Petroleum Project

393. *Audit comments on the accounts of Project (Paras 322—326, page 266-ARPSE).*—It was pointed out that the management of Pak. Stanvac Petroleum Project was taken over by Mari Gas Company in December, 1985, 40 per cent shares of the Company were issued to Government of Pakistan and 20 per cent to OGDC, but no record in this regard was produced to Audit. The departmental representative pointed out that the agreement between Government of Pakistan and Mari Gas Company states that the Company will be operated in the private sector on commercial lines. The Committee observed that, since the Government owned shares in the Company, Auditor-General should have access to the accounts and his reports should be presented before the PAC.

Resource Development Corporation (Pvt.) Limited

394. *Audit Comments on Accounts of RDC (Para 328, page 268-ARPSE).*—The Corporation was established in 1974 to prepare the feasibility report for Saindak Project and exploitation of copper resources. Nothing concrete had been achieved despite an expenditure of Rs. 240,498. During discussion it was pointed out that an agreement with China was likely to be signed in the near future. The Committee observed that it would review the entire expenditure in the context of the next Audit Report.

Pakistan State Oil Company Limited

395. *Blockage of Captial Amounting to Rs. 2,813,076 (Para 50, page 83-ARPSE).*—Pakistan State Oil paid rent in advance for 6 years to a land lord at a rate which was more than double of what they were paying for the same premises at the time of expiry of the term of lease. The departmental representative argued that the lease was taken in peculiar circumstances and time had established the merits of the decision taken in 1984. The Committee dropped the para but advised that the Company should get its leases registered.

(i) *Sui Northern Gas Pipelines Limited.*

(ii) *Southern Gas Company Limited.*

(iii) *Quetta Gas Pipeline Limited.*

(iv) *Sui Gas Transmission Company Limited.*

396. *Organizations Declining State Audit (Paras 2-3, page 18-ARPSE).*—The Principal Accounting Officer was advised to instruct the Companies to make their accounts available for Audit by the Auditor-General of Pakistan.

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

SENATE SECRETARIAT

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

1. Mr. Aziz Ahmed Qureshi, Secretary.
2. Mr. Akhtar Sharif Kanwar, Joint Secretary.
3. Mr. Nazir Ahmed Chaudhry, F. & A.O.

399. This Secretariat controlled Grant No. 102—"The Senate".

APPROPRIATION ACCOUNS (CIVIL) (VOL. I—1985-86)

400. *Grant No. 102-The Senate (Page 266-AA).*—Charged portion of the grant closed with a net saving of Rs. 140,821. Other than charged portion of the grant closed a net saving of Rs. 567,887. No comments were offered by the Committee.

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

PRIME MINISTER'S SECRETARIAT (PUBLIC AND INTERNAL)

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

1. Syed Saleem Abbas Jillani, Secretary.
2. Mr. Muhammad Afzal, Section Officer (Public).
3. Mr. Najaf Khan, Assistant Secretary (Internal).

403. This Secretariat controlled Grant No. 10 — "Prime Minister's Secretariat".

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1985-86)

404. *Grant No. 10- Prime Minister's Secretariat (Page 54-AA).*—After a surrender of Rs. 16,602,538, the grant closed with a net saving of Rs. 6,071,419, which was explained as mainly due to non-booking of certain items of expenditure by audit. The Committee desired that observations related to booking be sorted out and offered no further comments.

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

406. The Committee then adjourned to meet again at 9.30 A.M. on Wednesday, the 17th May, 1989.

Islamabad, the 10th December, 1992.

KHAN AHMAD GORAYA,
Secretary General.

NATIONAL ASSEMBLY SECRETARIAT

Wednesday, the 17th May, 1989.
Fourteenth Sitting (PAC)

407. The Public Accounts Committee assembled at 9.30 A.M. in Committee Room No. 2, of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1985-86. The following members attended the meeting :—

Public Accounts Committee:

1. Mr. Hakim Ali Zardari, MNA. — *Chairman*
2. Dr. Mehboob-ur-Rehman, Minister of State for Food and Agriculture. — *Member*
3. Syed Muhammad Aslam, MNA. — *Member*
4. Sardar Ashiq Muhammad Khan Mazari, MNA. — *Member*
5. Raja Muhammad Afzal Khan, MNA. — *Member*

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Joint Secretary.
2. Mr. Arif Mansur, Deputy Secretary (PAC).
3. Mr. Mulazim Hussain Kazmi, Officer on Special Duty (PAC)

Audit:

1. Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
2. Syed Iftikhar Shabbir, Deputy Auditor-General (GA).
3. Mrs. Suraiya Hafeez, Deputy Auditor-General (CA&E).
4. Mr. A. A. Zaidi, Director-General (GA).
5. Sh. Muhammad Sadiq, Accountant-General Pakistan Revenues.
6. Mr. Zulqarnain Qureshi, Director-General Audit (Federal Govt.)
7. Mr. Fazl-ur-Rehman, Director-General (CA).

Ministry of Finance and Planning and Development Division:

1. Dr. M.A. Aghai, Director-General (Projects Wing), Planning and Development Division
2. Mr. A.R. Khan, DFA (States and Frontier Regions).

408. *Accounts Examined.*—Accounts pertaining to the States and Frontier Regions Division were examined by the Committee during the meeting.

STATES AND FRONTIER REGIONS DIVISION

409. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the States and Frontier Regions Division. The following departmental representatives were present :—

1. Mr. F. K. Bandial, Secretary.
2. Mr. Abdul Rauf Khan, Joint Secretary (FATA).
3. Mr. Khumar Khan Mahsud, Joint Secretary (Admn.).
4. Mr. Matiullah Khan, Joint Secretary (R).

5. Mr. Sher Akbar, Deputy Secretary (FATA).
6. Mr. Umar Draz Khan Lodhi, Section Officer (F&A).
7. Mr. Fateh Muhammad, Section Officer (A/c).
8. Mr. Faqir Ahmad Piracha, Secretary, (C&W Deptt) (NWFP).
9. Mr. Khalid Mansoor, Secretary, (Food and Agriculture) (NWFP).
10. Mr. Muhammad Shireen Khan, Additional Home Secretary (NWFP).
11. Mr. Inayatullah, Secretary LGRDD (NWFP).
12. Mr. Muhammad Aziz Khan, Commandant Frontier Constabulary (NWFP).
13. Mr. Mumtaz Akbar, Additional Secretary, Education Department (NWFP).
14. Mr. Ghulam Hussain Khan, Acting Chairman, FATADC (NWFP).
15. Mr. Hafeez-ur-Rehman, Additional Secretary, Finance Department (NWFP).
16. Mr. Jalees Ahmad Siddiqui, Chief Commissioner Afghan Refugees (NWFP).

410. This Division controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	States and Frontier Regions Division.	115
2.	Frontier Regions.	116
3.	Frontier Constabulary.	117
4.	Federally Administered Tribal Areas.	118
5.	Other Expenditure of Federally Administered Tribal Areas.	119
6.	Maintenance Allowance to *Ex*-Rulers.	120
7.	Other Expenditure of States and Frontier Regions Division.	121
8.	Afghan Refugees.	122
9.	Development Expenditure of States and Frontier Regions Division.	165
10.	Development Expenditure of Federally Administered Tribal Areas.	166
11.	Capital Outlay on Development of Tribal Areas.	188

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1985-86)

411. *Grant No. 115-States and Frontier Regions Division (Page 312-AA).*—The grant closed with a net saving of Rs. 359. No comments were offered by the Committee.

412. *Grant No. 116-Frontier Regions (Page 313-AA).*—The grant closed with an excess of Rs. 14,665,752. The excess was mainly due to expenditure on indexation of pay, for which a request for supplementary grant made on 6th May, 1986 was turned down by Finance Division. After discussion, the Committee observed that since indexation was announced at the beginning of the financial year there was no justification for the Administrative Division to go to Finance Division for supplementary grant by the end of financial year. The excess, as such, could have easily been avoided.

413. The Committee was also at a loss to understand as to why expenditure on mandatory items like pay and allowances was refused by the Finance Division. It was decided that the excess would be considered for regularization through Excess Budget Statement after detailed explanations of the Administrative Division and the Finance Division are submitted to the Committee.

414. *Grant No. 117—Frontier Constabulary (Page 314-AA).*—The excess of Rs. 5,213,708 was attributed to the same reasons which led to excess in the case of Grant No. 116. The Committee observed that Grant No. 116 and Grant No. 117 will be considered together after receipt of explanation, as discussed in the preceding paragraph.

415. *Grant No. 118—Federally Administered Tribal Areas (Page 315-AA).*—The grant closed with a saving of Rs. 996,897. The Committee emphasized that saving should be surrendered in time and every saving should be explained irrespective of the amount involved.

416. *Grant No. 119—Other Expenditure of Federally Administered Tribal Areas (Page 316-AA).*—The grant closed with an excess of Rs. 28,945,482. The Committee observed that this was a very big amount. The Auditor-General contended that the departmental explanation, that the excess resulted from the operation of a suspense account by the Communication Works Department of the NWFP, was nothing more than a smoke screen and the basic position that the Ministry had exceeded the Authorization was unambiguous.

417. At this stage, a member drew the attention of the Chairman to the lack of quorum in the sitting of the PAC. The Chairman adjourned the sitting to meet again at 9.30 a.m. on Thursday, the 18th May, 1989. It was also decided that the sitting on 18-5-1989 will follow the previously announced programme and the discussion on the Accounts etc. of States and Frontier Regions Division would be taken up on 21-5-1989.

KHAN AHMAD GORAYA,
Secretary General.

ISLAMABAD :
The 10th December, 1992.

NATIONAL ASSEMBLY SECRETARIAT

Thursday, the 18th May, 1989.
Fifteenth Sitting (PAC)

418. The Public Accounts Committee assembled at 9.30 A.M. in Committee Room No. 2, of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1985-86. The following members attended the meeting:—

Public Accounts Committee:

1. Mr. Hakim Ali Zardari, MNA.	*Chairman*
2. Syed Parvez Ali Shah Jillani, Minister of State for Youth Affairs.	*Member*
3. Syed Muhammad Aslam, MNA.	*Member*
4. Sardar Ashiq Muhammad Khan Mazari, MNA.	*Member*
5. Raja Muhammad Afzal Khan, MNA.	*Member*
6. Mr. Ihsan-ul-Haq Piracha, Minister of State for Finance.	Ex-Officio *Member*

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Joint Secretary.
2. Mr. Arif Mansur, Deputy Secretary (PAC).
3. Mr. Mulazim Hussain Kazmi, Officer on Special Duty (PAC).

Audit:

1. Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
2. Syed Iftikhar Shabbir, Deputy Auditor-General (GA).
3. Mrs. Suraiya Hafeez, Deputy Auditor-General (CA&E).
4. Mr. A. A. Zaidi, Director General (GA).
5. Sh. Muhammad Sadiq, Accountant General Pakistan Revenues.
6. Mr. Zulqarnain Qureshi, Director-General Audit (Federal Govt.)
7. Mr. Mueen Aftab Sheikh, Director General (Defence Audit).
8. S. Mehtab Hasan Naqvi, Director Audit (Defence Services).

Ministry of Finance and Planning and Development Division:

1. Mr. Muhammad Hanif Malik, FA (Regs) (Military Finance).
2. Mr. Ghazanfar Ullah Khan, FA (Budget) (Military Finance).
3. Mr. Khurshid-ul-Hasan Rizvi, FA (Army) (Military Finance).
4. Mr. Salim Bahadur Khan, FA (Air Force) (Military Finance).
5. Mr. Ainuddin, FA (Navy) (Military Finance).
6. Ch. Inayat Khan, Deputy Director (Project Wing), Planning and Development Division.

419. *Accounts Examined.*—Accounts pertaining to the Defence Division were examined by the Committee during the meeting.

NATIONAL ASSEMBLY SECRETARIAT

Saturday, the 20th May, 1989.

Sixteenth Sitting (PAC)

463. The Public Accounts Committee assembled at 9.30 A.M. in Committee Room No. 2, of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1985-86. The following members attended the meeting:—

Public Accounts Committee:

1.	Mr. Hakim Ali Zardari, MNA	*Chairman*
2.	Syed Parvez Ali Shah Jillani, Minister of State for Youth Affairs.	*Member*
3.	Sardar Muhammad Muqeem Khan, Khoso, MNA.	*Member*
4.	Syed Muhammad Aslam, MNA.	*Member*
5.	Sardar Ashiq Muhammad Khan Mazari, MNA.	*Member*

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Joint Secretary.
2. Mr. Arif Mansur, Deputy Sectetary (PAC).
3. Mr. Mulazim Hussain Kazmi, Officer on Special Duty (PAC).

Audit:

1. Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
2. Syed Iftikhar Shabbir, Deputy Auditor-General (GA).
3. Mrs. Suraiya Hafeez, Deputy Auditor-General (CA&E).
4. Mr. A. A. Zaidi, Director General (GA).
5. Sh. Muhammad Sadiq, Accountant General Pakistan Revenues.
6. Mr. Fazlur Rehman, Director General (CA).
7. Mr. S. T. Rahman, Director General, Audit and Accounts Works.
8. Mr. Mueen Aftab Sheikh, Director General (Defence Audit).
9. S. Mehtab Hasan Naqvi, Director Audit (Defence Services).

Ministry of Finance and Planning and Development Division:

1. Mian Tayyab Hassan, Additional Secretary (Finance).
2. Dr. M. A. Aghai, Director General (Projects Wing), Planning and Development Division.
3. Mr. Muhammad Naseer Ahsan, Military Accountant General.
4. Mr. Ghazanfar Ullah Khan, FA (Budget) (Military Finance).
5. Mr. Muhammad Hanif Malik, FA (Regs) (Military Finance).
6. Mr. Muhammad Ismail Maarif, FA (Religious Affairs and Minorities Affairs).
7. Mr. Usman Haider, DFA (Religious Affairs and Minorities Affairs).

464. *Accounts Examined.*—Accounts pertaining to the following Ministry/Divisions were examined by the Committee during the meeting:—

1. Aviation Division.
2. Defence Production Division.
3. Ministry of Religious Affairs and Minorities Affairs.

AVIATION DIVISION

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

1. Syed Ijlal Haider Zaidi, Secretary.
2. Mr. Khalid Mahmood Ahmad, Joint Secretary.
3. Mr.Nasim Iqbal, Deputy Secretary.
4. Mr. Arif Mirza, Finance & Accounts Officer.
5. Air Marshal M.A. Daudpota, Chairman (PIAC).
6. Air Marshal Abdul Rashid, Managing Director (PIAC Holding).
7. Mr. A.S. Tabani, General Manager (PIAC).
8. Mr. Rab Nawaz Sheikh, Manager Finance (PIAC).
9. Mr. L. J. Contractor, Director Finance (PIAC Holding).
10. Mr. M. A. Amjad, Finance Manager (Skyrooms Ltd). (PIAC Holding).
11. AVM M. Ehtisham Akram, Acting Managing Director (CAA).
12. Mr. Ziauddin Malik, Director Finance (CAA).
13. Mr. S. Javaid Hussain Naqvi, Director Project (CAA).
14. Mr. Aurangzeb Khan, Director Works (CAA).
15. GP. Capt. (Retd.) M. Saleem, General Manager (Audit) (CAA).
16. GP. Capt. S. M. Anwar, General Manager (Legal) (CAA).
17. Mr. Yasub Ahmed, Managing Director (ADA).
18. Mr. Faqir M. Qasim Malik, Director General (Met Services).
19. Brig. Khawar Latif Butt, Force Commander (ASF).
20. Maj. (Retd.) Javaid Iqbal, Deputy Director (ASF).

466. This Division controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Ministry of Defence (Function 500-Economic Services).	29
2.	Meteorology.	31
3.	Development Expenditure of Ministry of Defence (Function 387-Meteorology).	144
4.	Capital Outlay on Civil Aviation and Other Works of Ministry of Defence (Function 586-Civil Aviation).	176

APPROPRIATION ACCOUNT (CIVIL) (VOL. I — 1985-86)

467. *Grant No. 29-Ministry of Defence (Page 92-AA).*—The saving of Rs. 5,849,627 was not surrendered. The Committee emphasized the need for timely surrender.

468. *Grant No. 31-Meteorology (Page 94-AA).*—The grant closed with a saving of Rs. 8,001,325. The Committee observed that the reasons for saving should have been adequately explained to Audit.

469. *Grant No. 144-Development Expenditure of Ministry of Defence (Page 96-AA).*—The grant closed with a saving of Rs. 3,718,458 of which saving of Rs. 67,809 pertained to the Aviation Division. No comments were offered by the Committee.

470. *Grant No. 176-Capital Outlay on Civil Aviation and Other Works of Ministry of Defence (Page 97-AA).*—The grant closed with a saving of Rs. 400,665,916. Out of it saving of Rs. 42,180,282

related to Aviation Division. The major portion of the saving related to an unreleased amount of Rs. 39,191,000. While discussing various aspects of unutilized authorization, the Committee observed that the control over expenditure needed to be made more effective.

AUDIT REPORT (CIVIL WORKS) (VOL. II — 1985-86)

Civil Aviation Authority

471. *Infructuous expenditure of Rs. 1,671,000 (Para 1.1, pages 1-2-ARCW).*—Audit observed that a house located in Defence Society, Karachi was purchased in 1983 at a cost of Rs. 1.96 million for the then Director General's residence and was renovated at a cost of Rs. 1.18 million. Various aspects of the manner in which public money was spent to provide residential accommodation to a senior officer came under discussion. The Committee agreed with Audits assessment that money was spent in an arbitrary manner. It was directed that it may be inquired as to how the controls were relaxed while incurring the expenditure and steps should be taken to ensure that such arbitrary spending did not take place in future.

(i) *Construction of M.I. Room (Medical Centre), Karachi Airport (Para 1.2, page 2-ARCW).*

(ii) *Construction of Inspectorate Building at Karachi (Para 1.3, page 3-ARCW).*—

(iii) *Construction of Sports Complex Civil Aviation at Hyderabad (Para 1.5, page 6-ARCW).*—

(iv) *Construction of Club Complex at Karachi (Para 1.6, page 17-ARCW).*—

(v) *Recarpetting of approach road from Latifabad to Airport and internal road at CATI, Hyderabad (Para 1.7, page 20-ARCW).*—

(vi) *Supply of earth, manure, trees, plants and grass etc. at CATI, Hyderabad (Para 1.8, page 23-ARCW).*—

(vii) *Supply of Auditorium chairs (Para 1.9, page 24-ARCW).*—

(viii) *Award of Works Costing Rs. 7.711 million through improper quotations (Para 1.16, page 30-ARCW).*—

(ix) *(a) Construction of Plaza No. I, II, III at CATI Hyderabad and (b) Construction of covered walks way at CATI Hyderabad (Para 1.17, page 30-ARCW).*—

472. Audit observed that tender for certain works at Training Institute was given to ADA. Later on the work was withdrawn from the agency and given to a private consultant. It was pointed out that various aspects of decision making indicated serious irregularities. After initial review the Committee decided to set up a Sub-Committee consisting of Sardar Ashiq Muhammad Khan Mazari, MNA and Syed Muhammad Aslam, MNA with a representative of Audit to review the serious irregularities reported in the Audit paras.

Airports Development Agency

473. *Loss on disposal of steel Rs. 1.203 million (Para 2.1, page 42-ARCW).*—Steel purchased in excess of requirements by ADA was subsequently disposed-off. At this stage it transpired that there was a shortage amounting to Rs. 1.2 million. The Principal Accounting Officer informed that the case was already with FIA. The Committee advised to approach FIA for early finalization of the inquiry.

NATIONAL ASSEMBLY SECRETARIAT

Sunday, the 21st May, 1989.

Seventeenth Sitting (PAC)

505. The Public Accounts Committee assembled at 9.30 A.M. in Committee Room No. 2, of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1985-86. The following members attended the meeting :—

Public Accounts Committee:

1.	Mr. Hakim Ali Zardari, MNA.	*Chairman*
2.	Dr. Mehboob-ur-Rehman, Minister of State for Food and Agriculture.	*Member*
3.	Syed Parvez Ali Shah Jillani, Minister of State for Youth Affairs.	*Member*
4.	Sardar Muhammad Muqeem Khan Khoso, MNA.	*Member*
5.	Syed Muhammad Aslam, MNA.	*Member*
6.	Sardar Ashiq Muhammad Khan Mazari, MNA.	*Member*
7.	Raja Muhammad Afzal Khan, MNA.	*Member*

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Joint Secretary.
2. Mr. Arif Mansur, Deputy Secretary (PAC).
3. Mr. Mulazim Hussain Kazmi, Officer on Special Duty (PAC).

Audit:

1. Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
2. Syed Iftikhar Shabbir, Deputy Auditor-General (GA).
3. Mrs. Suraiya Hafeez, Deputy Auditor-General (CA&E).
4. Mr. A. A. Zaidi, Director General (GA).
5. Sh. Muhammad Sadiq, Accountant General Pakistan Revenues.
6. Mr. Zulqarnain Qureshi, Director-General Audit (Federal Govt.)
7. Mr. Fazl-ur-Rehman, Director-General (CA).
8. Mr. Sikandar Aziz Eskar, Director Audit Revenue Receipt.

Ministry of Finance and Planning and Development Division:

1. Dr. M. A. Aghai, Director General (Projects Wing), Planning and Development Division.
2. Mr. A. R. Khan, D.F.A. (States and Frontier Regions).

506. *Accounts Examined.*—Accounts pertaining to the following Department/Division were examined by the Committee during the meeting :—

1. Central Board of Revenue.
2. States and Frontier Regions Division.

CENTRAL BOARD OF REVENUES

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

1. Mr. Ghulam Yazdani Khan, Chairman.
2. Mr. Irtaza Hasnain Zaidi, Member (Admn & Co-ord).
3. Mr. Muzaffar Mahmood Qureshi, Member (Customs).
4. Mr. Mumtaz Ali, Chief (CE & ST)
5. Mr. Muhammad Akbar, Chief (CP).
6. Mr. Muhammad Riaz, Second Secretary (ST).
7. Mrs. Parveen Qadir Agha, Chief (Taxes).
8. Mr. Mazhar A. Nurani, Secretary (Customs).
9. Mr. Muhammad Zafeer Abbasi, Secretary (Admn).
10. Mr. S. M. Yehya, Director (Research & Statistics).
11. Mrs. Raana Seerat, Second Secretary.
12. Mr. Salman Qureshi, Additional Inspector General of Police (Punjab).
13. Col. Muhammad Akbar, D.D.G. (Pak. Rangers).
14. Ch. N.K. Khalid, Accounts Officer.

508. This Board controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Central Board of Revenue	45
2.	Sea Customs	46
3.	Land Customs and Central Excise	47
4.	Taxes on Income and Corporation Tax	48

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1985-86)

509. *Grant No. 45 — Central Board of Revenue (Page 112 — AA).*—The grant closed with a saving of Rs. 16,875,401. The Committee emphasized the need for timely surrender.

510. *Grant No. 46 — Sea Customs (Page 113 — AA).*—After a surrender of Rs. 6,237,000, there was a net saving of Rs. 2,250,231. The Committee again emphasized the need for timely surrender.

511. *Grant No. 47 — Land Customs and Central Excise (Page 114 — AA).*—The grant closed with a saving of Rs. 8,837,649. The Committee again underscored the need of strict financial discipline.

512. *Grant No. 48 — Taxes on Income and Corporation Tax (Page 115 — AA).*—There was a saving of Rs. 13,084,791 against a grant of Rs. 182,647,000. No comments were offered by the Committee.

AUDIT REPORT (REVENUE RECEIPTS) (VOL. III—1985-86)

513. *Non-realization of revenue due to shifting of responsibility (Para 1.11, page 7 — ARRR).*—Audit had observed that recoveries/realization on account of sales tax, pertaining to the period prior to 1981, went into arrears because the responsibility was shifted between Income Tax Department and Central Excise Department more than once. During discussion it transpired that the

biggest problem was that, as a result of shiftings, the records were in a highly disturbed condition. It was undertaken that CBR would ensure the setting right of the records and recovery action would be taken up in right earnest. The department will also prepare a detailed list and assess the overall amount involved before the next PAC meeting.

General

514. At this stage, on an inquiry from Chairman PAC, it was discussed that the CBR did not have a system of internal audit. The Committee emphasized that, keeping in view overall position of revenue receipts, it was imperative that the CBR should have a full-fledged component of internal audit. The Chairman CBR informed the Committee that restructuring of the Board was under consideration and creating of an internal audit organization would be taken up in that context in the near future.

515. *Delays in adjudication — (Para 1.12, pages 7-8-ARRR).*—Audit observed that the department, under the quasi-judicial power allowed to it, adjudicates on various types of revenue cases. In the preceding years audit had sought to draw the attention to that substantial delays in the processing of such cases. An amount of Rs. 2.5 million came under discussion of the previous PAC and an undertaking was afforded by the department to improve the position. To evaluate the result of this promised effort, a study of four circles of the Collectorate of Central Excise and Sales Tax, Lahore, was carried out. It was revealed that 139 cases involving a possible revenue of Rs. 104 million were pending, some of them for period in excess of five years. The departmental representative agreed that there were delays in adjudication, but pointed out that he was already pressing the Collectors to take active interest in the matter. The Committee hoped that most of the outstanding cases would be resolved by the end of year 1989.

516. *Loss of Government revenue — Rs. 760,540 (Para 2.5, pages 15-16 — ARRR).*—Audit had observed that in decision and non application of mandatory provisions in cases of smuggled goods seized by police authorities on behalf of Pakistan Customs, results in loss of revenue to Government. During discussion, it transpired that there was no effective co-ordination between the two authorities. It was undertaken by the departmental representative to resolve outstanding cases within two months. The Committee agreed to the suggestion.

517. *Non-realisation of surcharge — Rs. 118,411 (Para 2.6, pages 16-17 — ARRR).*—Audit had contended that a surcharge leviable under Finance Ordinance 1982 *w.e.f.* 14-6-1982 had not been realized in certain cases. There was considerable discussion on the question of applicability of such surcharges when changes took place. The bulk of Audits argument was that in the event of changes there was a considerable room to manipulate the dates to avoid realization of revenue. The Committee observed that the system itself was adequate and should be strictly followed in future. The practice of National Bank of Pakistan involved in the irregularity *i.e.* to receive payments in the afternoon of a day and stamping them while acknowledging receipts as on next day was observed to be misleading. The PAC directed the department to resolve the matter with the authorities of National Bank of Pakistan to rectify the anomaly.

518. *Short-realisation of Customs duty and Sales Tax — Rs. 969,487 — (Para 2.19, pages 27-28 — ARRR).*—Audit had observed that the Customs had allowed undue benefit to an importer by classifying an import under a category favourable to him. The Department did not agree with Audits interpretation and contended that application of Custom Tariffs was a very technical matter and could be discussed only with reference to technical details. The Committee directed that the technical issues should be sorted out between the Department and Audit.

519. *Short-realization of Excise duty of Rs. 1,668,749 (Para 3.2, pages 29-30 — ARRR).*— Since the short-realized amount had been recovered the Committee did not offer any further comments.

520. *Point not discussed to be treated as settled.*—The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Central Board of Revenue. These would be treated as settled subject to any action as may be necessary under the rules.

STATES AND FRONTIER REGIONS DIVISION

521. The Committee took up for its examination remaining portion of the Appropriation Accounts, Audit Report etc. pertaining to the States and Frontier Regions Division. The following departmental representatives were present:—

1. Mr. F.K. Bandial, Secretary;
2. Mr. Abdul Rauf Khan, Joint Secretary (FATA)
3. Mr. Khumar Khan Mahsud, Joint Secretary (Admn).
4. Mr. Matiullah Khan, Joint Secretary (R).
5. Mr. Sher Akbar, Deputy Secretary (FATA)
6. Mr. Umar Draz Khan Lodhi, Section Officer (F&A).
7. Mr. Fateh Mohammad, Section Officer (A/C).
8. Mr. Faqir Ahmad Piracha, Secretary (C&W Deptt) (NWFP)
9. Mr. Khalid Mansoor, Secretary, Food & Agriculture (NWFP).
10. Mr. Muhammad Shireen Khan, Additional Home Secretary (NWFP).
11. Mr. Inayatullah, Secretary, LGRDD (NWFP).
12. Mr. Muhammad Aziz Khan, Commandant Frontier Constabulary (NWFP).
13. Mr. Mumtaz Akbar, Additional Secretary, Education Department (NWFP).
14. Mr. Ghulam Hussain Khan, Acting Chairman FATADC (NWFP).
15. Mr. Hafeezur Rehman, Additional Secretary, Finance Department (NWFP).
16. Mr. Jalees Ahmad Siddiqui, Chief Commissioner Afghan Refugees (NWFP).

522. This Division controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	States and Frontier Regions Division	115
2.	Frontier Regions.	116
3.	Frontier Constabulary	117
4.	Federally Administered Tribal Areas.	118
5.	Other Expenditure of Federally Administered Tribal Areas.	119
6.	Maintenance Allowance to *Ex*-Rulers,	120
7.	Other Expenditure of States and Frontier Regions Division.	121
8.	Afghan Refugees.	122
9.	Development Expenditure of States and Frontier Regions Division.	165
10.	Development Expenditure of Federally Administered Tribal Areas.	166
11.	Capital Outlay on Development of Tribal Areas.	188

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1985-86)

523. *Grant No. 119 — Other Expenditure of Federally Administered Tribal Areas (Page 316-AA).*—The grant was under discussion when the meeting was adjourned on 17-5-1989.

524. The departmental representative re-emphasized his earlier contention that the excess resulted from the operation of a suspense account by a provincial C&W Department and the excess would be reduced once an amount of approximately Rs. 45 million was taken from the final head and

credited to the suspense head. Audit was asked to verify the explanation in detail and report back to the PAC. The Committee's final recommendations on the excess over authorization was deferred.

525. *Grant No. 120—Maintenance Allowance to* Ex-*Rulers (Page 317-AA).*—The saving of Rs. 1,190,540 resulted primarily from non-booking of certain expenditure. No comments were offered by the Committee.

526. *Grant No. 121—Other Expenditure of States and Frontier Regions Division (Page 318-AA).*—The excess of Rs. 393,230 was recommended for regularization through Excess Budget Statement.

527. *Grant No. 122 — Afghan Refugees (Page 319 — AA).*—The excess of Rs. 33,330,953, which was attributed to non-incorporation of a Supplementary Grant in the Supplementary Schedule of Authorized Expenditure, was recommended for regularization through Excess Budget Statement.

528. *Grant No. 165 — Development Expenditure of States and Frontier Regions Division (Page 325 — AA).*—After surrender of Rs. 6,733,000, there was a net saving of Rs. 5,787,786 which was attributed to non-release of funds by Finance Division, and to work delayed due to revision of certain schemes etc. The Committee observed that the net saving could also have been surrendered had proper co-ordination existed between various agencies.

529. *Grant No. 166 — Development Expenditure of Federally Administered Tribal Areas (Page 326 — AA).*—The saving of Rs. 111,697,549 was surrendered. No comments were offered by the Committee.

530. *Grant No. 188 — Capital Outlay on Development of Tribal Areas (Page 328 — AA).*—The entire amount of the grant was consumed. No comments were offered by the Committee.

AUDIT REPORT (CIVIL) (VOL. I—1985-86)

Afghan Refugees

531. *Mis-appropriation of 2900 empty gunny bags worth Rs. 19,720 (Para 1, pages 257-258 — AR).*—Rs. 19,720 were recoverable from an employee against a shortage of empty gunny bags. The departmental representative explained that recovery was proceeding regularly and Rs. 11,000 stood recovered. The Committee settled the para subject to recovery of Rs. 19,720.

(i) *Transit shortages of 1142.047 Metric Tons Wheat worth Rs. 2,409,301 (Para 5, page 258 — AR).*

(ii) *Transit shortage of 1271.483 Metric Tons Wheat valuing Rs. 2,161,521 (Para 6, page 259 — AR).*

532. Audit had observed that the percentage of losses in certain cases coming under review of test audit was unduly high. The departmental representative agreed that the losses were high. He observed that the Ministry was considering steps, like getting the cargo insured, to reduce the wastage. As a result of recent efforts, the losses had been reduced from an alarming percentage of 4 to 5% to a more acceptable level of 2%. The Committee observed that while the reported losses may be written-off, alternatives like handling over the cargo to the province at the port may also be considered.

(i) *Overpayment of Rs. 226,504 (Para 18, page 262-AR).*

(ii) *Loss of Rs. 202,739 due to non recovery of Buldozer charges from contractor (Para 19, page 262-AR).*

(iii) *Loss of Rs. 38,348 due to non recovery of store from contractor (Para 20, page 262 — AR).*—

(iv) *Non recovery of Government dues amounting to Rs. 75,965 (Para 22, page 263 — AR).*—

(v) *Loss of Rs. 136,595 due to doubtful adjustment (Para 29, page 265 — AR).—*

(vi) *Loss of Rs. 58,760 due to non recovery of cost of stores (Para 31, page 265 — AR).—*

533. Audit observed that the above six paras highlighted the same issue *i.e.* over payments to contractors. When efforts were made to recover the overpayments the receipients went into litigation. The Committee observed that these cases indicated supervisory lapses and an inclination to accommodate private parties at the cost of public interest.

534. The Committee desired that while recovery action against private parties was in progress in courts, a strict notice should be taken by the Principal Accounting Officer of the various lapses and departmental action be taken against the responsible officials in each case.

535. *Irregular Expenditure of Rs. 177,390 on the purchase of two Suzuki Jeeps (Para 21, page 263 — AR).*—The para pertained to purchase of vehicles without proper sanction. The departmental representative explained the justification of the purchase but agreed that the procedure adopted for meeting a pressing requirement, left much to be desired. The Committee dropped the para, after warning that very strict action would be taken if another such incident came to its notice.

536. *Un-necessary Blockage of Government money amounting to Rs. 650,000 (Para 24, page 263 — AR).*—A large number of fans had been purchased which remained unutilized for a number of years. The Committee asked the Principal Accounting Officer to take serious note of this tendency on the part of departments to make undue purchases in which chances of corruption could not be ruled out. On the assurance of the departmental representative to be careful in future, the Committee dropped the para.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII—1985-86)

FATA Development Corporation

(i) *Kurram Fruit Products (Paras 631 — 632, page 448 — ARPSE)*

(ii) *South Waziristan Footwear and Leather Goods Industries (Para 637, page 449 — ARPSE).*

(iii) *South Waziristan Tanneries (Para 644, page 451-ARPSE).*

(iv) *Touchi Valley Match Factory (Para 649, page 452-ARPSE).*

(v) *Touchi Woollen Mills (Para 652, page 453 — ARPSE).*

537. Nine industrial units were established in Federally Administered Tribal Areas from 1972—1980 with a view to provide employment and achieve other social objectives. Due to bad planning, mis-management etc. all the units stood closed by 1986. The Government had invested about Rs. 91.5 million in these units, who had piled up losses worth Rs. 72.695 million by June, 1988. The departmental representative stated that keeping in view earlier PAC recommendation attempts were made to dispose off these units but very few private parties had shown an interest. The available offers were far below the potential/value of the assets. He also mentioned that many sensitive issues were also involved in the decision making.

538. The Committee directed that a high level review involving the States and Frontier Regions Division, Finance Division and Planning and Development Division should be carried out to clearly spell out Government policy regarding the future of these units. This review may also take into account the possibility of converting these units into joint venture involving the private sector. States and Frontier Regions Division will ensure that a decision in this regard is arrived at and communicated to the PAC within 4 months.

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

540. The Committee then adjourned to meet again at 9.30 A.M. on Monday, the 22nd May, 1989.

ISLAMABAD:
The 10th December, 1992.

KHAN AHMAD GORAYA,
Secretary General.

NATIONAL ASSEMBLY SECRETARIAT

Monday, the 22nd May, 1989.

Eighteenth Sitting (PAC)

541. The Public Accounts Committee assembled at 9.30 A.M. in Committee Room No. 2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1985-86. The following members attended the meeting :—

Public Accounts Committee:

1.	Mr. Hakim Ali Zardari, MNA.	*Chairman*
2.	Syed Parvez Ali Shah Jillani, Minister of State for Youth Affairs.	*Member*
3.	Syed Muhammad Aslam, MNA.	*Member*
4.	Sardar Ashiq Muhammad Khan Mazari, MNA.	*Member*
5.	Mr. Ihsan-ul-Haq Piracha, Minister of State for Finance.	Ex-Officio *Member*

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Joint Secretary.
2. Mr. Arif Mansur, Deputy Secretary (PAC).
3. Mr. Mulazim Hussain Kazmi, Officer on Special Duty (PAC).

Audit:

1. Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
2. Syed Iftikhar Shabbir, Deputy Auditor-General (GA).
3. Mrs. Suraiya Hafeez, Deputy Auditor-General (CA&E).
4. Mr. A. A. Zaidi, Director General (GA).
5. Sh. Muhammad Sadiq, Accountant General Pakistan Revenues.
6. Mr. Fazlur Rehman, Director General (CA).
7. Mr. S.T. Rehman, Director General, Audit & Accounts Works.
8. Chaudhry Fazal Ahmad, Director General (PEC).

Ministry of Finance and Planning and Development Division:

1. Dr. M.A. Aghai, Director General (Projects Wing). Planning & Development Division.
2. Mr. Nasim Ahmad, FA (Culture, Sports & Tourism).
3. Mr. M. Amjad Virk, FA (Foreign Affairs).
4. Mr. S.A. Aziz, DFA (Culture, Sports & Tourism).

542. *Accounts Examined.*—Accounts pertaining to the following Ministry/Divisions were examined by the Committee during the meeting :—

1. Culture, Sports and Youth Affairs Division.
2. Tourism Division.
3. Ministry of Foreign Affairs.

CULTURE, SPORTS AND YOUTH AFFAIRS DIVISION

543. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Culture, Sports and Youth Affairs Division. The following departmental representatives were present:—

1. Khawaja Shahid Hosain, Special Assistant, Ministry of Culture, Sports, Youth Affairs & Tourism.
2. Mr. Shaukat Hussain, Joint Secretary (Admn).
3. Mr. Irfan Hussain, Joint Secretary (Culture).
4. Syed Shabbir Ali, Section Officer (F&A).
5. Dr. Ahmad Nabi Khan, Director General (Archaeology).
6. Mr. Atique Zafar Sheikh, Director General (Archives).
7. Brig. Zafar Hayat, Director General (PSB)
8. Mr. Muzaffar Hussain, Managing Director (NAFDEC).
9. Mr. S. Munawar Ahmad, Vice Chairman (CBFC).

544. This Division controlled the following grants:—

S. No.	Name of Grant.	Grant No.
1.	Culture, Sports and Youth Affairs Division.	25
2.	Archaeology and Museums.	26
3.	Other Expenditure of Culture, Sports and Youth Affairs Division.	27
4.	Development Expenditure of Culture, Sports and Youth Affairs Division.	142

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1985-86)

545. *Grant No. 25 — Culture, Sports and Youth Affairs Division (Page 82-AA).*—The saving of Rs. 1,210,088, which was attributed to reasons like vacant posts, non purchase of a staff car, nor transferring records of Freedom Archives etc., had not been surrendered. The Committee stressed the need for timely surrender.

546. *Grant No. 26-Archaeology and Museums (Page 83-AA).*—After a surrender of Rs. 1,685,300, there was a net saving of Rs. 464,525 which was attributed to non-availability of suitable candidates to fill certain posts. The Committee again stressed the need for financial discipline and serious attempt to utilize available resources.

547. *Grant No. 27-Other Expenditure of Culture, Sports and Youth Affairs Division (Page 84-AA).*—The grant closed with a saving of Rs. 832,010. No comments were offered by the Committee.

548. *Grant No. 142-Development Expenditure of Culture, Sports and Youth Affairs Division (Page 86-AA).*—Although the grant closed with a saving of Rs. 20,349,817, the department contended that certain payments made towards Fund for Preservation of Mohanjo Daro had not been accounted for. The Committee directed that the figures should be reconciled between the Division and AGPR. In future it should be ensured that reconciled figures are available at the time of P.A.C. meetings.

General

549. The departmental representative mentioned that certain very serious irregularities had been pointed out in the Performance Audit Report on the renovation work of Lahore Fort. The Auditor-General pointed out that the Special Performance Audit would be presented in the next Audit

Report and would come under PAC review in a subsequent meeting. At this stage, since discussion was in the context of Audit Report for 1985-86, the department may initiate any corrective action which it considered appropriate in the light of observations made by Audit. It was agreed that a high level inquiry associating representative from Audit would be carried out by the Division in anticipation of PAC discussion on the Report.

AUDIT REPORT (CIVIL WORKS) (VOL. II—1985-86)

Archaeology Department

550. *Non-recovery of Rs. 339,826 (Para 4.1. page 51-ARCW).*—Audit had observed that Rs. 339,826 stood recoverable from various contractors on accounts of surcharges which were leviable for delayed deposit of receipts/instalments of booking counters at certain historical sites. Out of three contractors, result of recovery action of Rs. 96,907 due from contractor who had not gone to Court was not known. After discussion, the Committee observed that the available system was not being properly implemented and there was apparently looseness in the control at supervisory level. It desired that supervisory staff should be tightened up and special efforts should be made for recovery.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII—1985-86)

National Film Development Corporation Limited

551. *Working results of NAFDEC (Para 132, page 162-ARPSE).*—Audit observed that the losses of NAFDEC had reached a level of Rs. 8 million by June 30, 1987. In 1987-88 there had been some improvement and lately the Corporation had shown some profit. The Committee expressed the hope that the Corporation would be turned into a profitable venture in the near future as there was hardly any justification in monopalized business to show repeated losses.

552. *Non-recovery of Rs. 0.141 million outstanding since long (Para 135, page 163-ARPSE).*—Audit had observed that Rs. 0.141 million were outstanding against various parties. The departmental representatives pointed out that, since details of the amount was not available to the Corporation, the figures needs to be reconciled. The Committee desired that the details of recovery be worked out with Audit and necessary recovery action on the reconciled amount taken up by the Department.

553. *Points not discussed to be treated as settled.*—The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Culture, Sports and Youth Affairs Division. These would be treated as settled subject to any action as may be necessary under the rules.

TOURISM DIVISION

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

1. Khawaja Shahid Hosain. Special Assistant, Ministry of Culture, Sports, Youth Affairs and Tourism.
2. Mr. Shakeel Ahmed, Joint Secretary.
3. Mr. S.A.H. Bokhari, Section Officer (F&A).

555. This Division controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Tourism Division	28
2.	Development Expenditure of Tourism Division	143

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1985-86)

556. *Grant No. 28—Tourism Division (Page 85-AA).*—The grant closed with a net saving of Rs. 21,799. No comments were offered by the Committee.

557. *Grant No. 143—Development Expenditure of Tourism Division (Page 87-AA).*—The saving of Rs. 2,711,001, due to non-execution of certain projects, was surrendered. No comments were offered by the Committee.

AUDIT REPORT (CIVIL) (VOL. I—1985-86)

558. *Loss due to shortage of store items Rs. 45,035 (Para 2, page 30-AR).*—An internal physical verification had revealed a shortage in stores valuing Rs. 45,035. The departmental representative informed that the stock verification was still under process and undertook to communicate final results to Audit. The Committee directed that stock verification should be completed soon.

PERFORMANCE EVALUATION OF PUBLIC SECTOR ENTERPRISES (VOL. IX-B—1987)

559. *Pakistan Tourism Development Corporation Limited (Paras 1.1 — 9.2, pages 104—136—Perf. Eval. Report-Vol-IX-B—1987).*—The Evaluation Report observed that the objectives before the Corporation were to develop tourism infrastructure, and promotion of tourism. Under guidance of 15 foreign and local consultants, 54 difficult projects were taken up during 1970—86. Of these only 19 were completed, 20 were deferred/dropped and 15 were in various stages of implementation. The evaluation also contended that there was considerable under achievement in various key areas like development of residential/transport and eating facilities in areas of potential tourist attraction. Certain unapproved schemes, hardly related to tourism, like electrification of Hunza Valley were also taken up.

560. The Auditor-General observed that the case of PTDC highlighted a recurrent situation where Corporations were either created without clear objectives or sufficient funds to achieve those objectives were not provided to them. The result was that the inadequate funds got wasted either on salaries or incomplete schemes and the objectives were never achieved. The Committee observed that main problem appeared to be that attracting foreign tourists required expensive foreign publicity. The objective before the Corporation could be achieved only if adequate funds were diverted to attract foreign tourists. It also observed that tourism was an industry in which strong private sector involvement was a pre-requisite. Steps should be taken to encourage such participation.

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

MINISTRY OF FOREIGN AFFAIRS

562. The Committee took up for its examination the Appropriation Accounts. Audit Report etc. pertaining to the Ministry of Foreign Affairs. The following departmental representatives were present:—

1. Dr. Muhammad Humayun Khan, Secretary.
2. Mr. Mujahid Hussain, Additional Secretary.
3. Mr. Mushtaq A. Mehr, Director General (S&F).
4. Mr. Muhammad Saleem Sidiqui, Chief Accounts Officer.
5. Mr. Iftikhar Hussain Shah, Director (B&C).

6. Mr. Ghulam Hussain Bosan, Director (Foreign Audit).
7. Mr. Salahuddin Chaudhry, Director (Finance).
8. Mr. Shahid Hamid, Deputy Director.
9. Mr. Najmus-Saqib, Section Officer.
10. Mr. Muhammad Younus, Section Officer.
11. Mr. Muhammad Afzal Tariq, Accounts Officer.
12. Mr. Ahmed Masood Ghori, Audit Officer.
13. Mr. Muhammad Younus Butt, Accounts Officer.

Ministry of Food and Agriculutre.

1. Mr. Muhammad Anwar Malik, Director (Food),Karachi.
2. Mr. Gul Nawaz Malik, OSD (F&A).

563. This Ministry controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Ministry of Foreign Affairs	62
2.	Foreign Affairs	63
3.	Other Expenditure of Ministry of Foreign Affairs	64
4.	Capital Outlay on Works of Ministry of Foreign Affairs	181

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1985-86)

564. *Grant No. 62-Ministry of Foreign Affairs (Page 176-AA).*—The grant closed with a saving of Rs. 2,048,741. The saving was not surrendered. The departmental representative contended that in fact there was a minor technical excess resulting from surrender of Rs. 3,124,000. The Committee directed that Ministry should be careful in future in surrendering savings.

565. *Grant No. 63-Foreign Affairs (Page 177-AA).*—The grant closed with an excess of Rs. 18,507,502. It was observed that the excess was due to non-incorporation, in the schedule of Authorized Expenditure, of a Supplementary Grant of Rs. 29,600,000. The Chairman warned the Ministries of Foreign Affairs and Finance for their negligence. The Committee observed that reconciliation of Accounts should be ensured before the PAC meetings. In this particular case the Committee recommended regularization through Excess Budget Statement.

566. *Grant No. 64—Other Expenditure of Ministry of Foreign Affairs (Page178-AA).*—The position with regard to the grant, which had closed with an excess of Rs. 13,891,150 under other than charged and Rs. 168,803 under Charged sections was similar to grant No. 63, as in this case also a supplementary grant of Rs. 15,059,000 had not been included in schedule of Authorised Expenditure of Supplementary Grants. The Committee took serious note of this and commented that, although, it was recommending the excess for regularization, it was concerned about the looseness in financial controls. The Ministry should try to avoid excess over authorization in the first instance. However, in case authorization does become inadequate, timely action should be taken to get supplementary grants.

567. *Grant No. 181—Capital Outlay on Works of Ministry of Foreign Affairs (Page 179-AA).*—The grant had closed with a saving of Rs. 8,500,332, which was not surrendered. The departmental representative contended that the actual saving was in the range of Rs. 2 million. The Committee observed that the financial controls in the Ministry needed definite improvement.

568. *Expenditure accounts against advances not furnished Rs. 13,463,588 (Para 1, page 83-AR).*—The departmental representative reported that against an amount of Rs. 13.4 million, recoveries/adjustment to the tune of Rs. 12.5 million have already been made and the remaining amount would be adjusted in the next six months. The Committee asked Audit to verify/settle the recoveries/adjustments.

569. *Recoveries not effected Rs. 1,196,143 (Para 2, page 84-AR).*—The departmental respresentative explained that recovery action had been withheld because condonation had been granted by the Finance in one case and other similar cases were under review. The final action will, however, be taken in the next six months.

570. *Un-adjusted T.A. Advances Rs. 474,582 (Para 3, page 86-AR).*—The departmental respresentative reported that all cases except a few amounting to Rs. 45,000 had been settled. The Committee asked Audit to verify/settle the various cases.

571. *Loss of U.S. $ 5.58 million in purchase and shipment of wheat (Para 4, page 44-AR-1982-83) (Paras 2.41—2.46, pages 21—23—PAC Report 1981-82 and 1982-83, Ministry of Food and Agriculture).*—The previous Committee had issued the directives that, in order to streamline procurements on behalf of Ministry of Food and Agriculture made through parep Washington, definite guideline should be developed for the procurement Committee located in Washington. Audit representative pointed out that in the previous discussion one issue which had been noted was that although, the responsibility for purchase was given to the Ministry of Food and Agriculture, the Ministry had taken the plea that the procurement Committee/Ambassador in Washington were not responsible to it and their decisions were taken independently of the Ministry of Food and Agriculture.

572. After discussion the Committee directed that issues pertaining to procurement should be sorted out at the level of Administrative Secretaries of Ministry of Foreign Affairs and Ministry of Food and Agriculture. It should be ensured that the responsibility of procurement should clearly devolve on one Ministry.

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

574. The Committee then adjourned to meet again at 9.30 A.M. on Tuesday, the 23rd May, 1989.

ISLAMABAD:
The 10th December, 1992.

KHAN AHMAD GORAYA,
Secretary General.

NATIONAL ASSEMBLY SECRETARIAT

Tuesday, the 23rd May, 1989.
Ninteenth Sitting (PAC).

575. The Public Accounts Committee assembled at 9.30 A.M. in Committee Room No. 2, of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1985-86. The following members attended the meeting:—

Public Accounts Committee:

1. Mr. Hakim Ali Zardari, MNA. — *Chairman*
2. Dr. Mehboob-ur-Rehman, Minister of State for Food and Agriculture. — *Member*
3. Syed Parvez Ali Shah Jillani, Minister of State for Youth Affairs. — *Member*
4. Syed Muhammad Aslam, MNA. — *Member*
5. Sardar Ashiq Muhammad Khan Mazari, MNA. — *Member*
6. Mr. Ihsan-ul-Haq Piracha, Minister of State for Finance. — Ex-Officio *Member.*

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Joint Secretary.
2. Mr. Arif Mansur, Deputy Secretary (PAC).
3. Mr. Mulazim Hussain Kazmi, Officer on Special Duty (PAC).

Audit:

1. Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
2. Syed Iftikhar Shabbir, Deputy Auditor-General (GA).
3. Mrs. Suraiya Hafeez, Deputy Auditor-General (CA&E).
4. Mr. A.A. Zaidi, Director General (GA).
5. Sh. Muhammad Sidiq, Accountant General Pakistan Revenues.
6. Mr. Zulqarnain Qureshi, Director General Audit (Federal Govt.)
7. Mr. Fazlur Rehman, Director General (CA).

Ministry of Finance and Planning and Development Division:

1. Dr. M. A. Aghai, Director General (Projects Wing), Planning and Development Division.
2. Mr. Ahmed Shamsul Huda, FA (Justice and Parliamentary Affairs).
3. Mr. Hamid Akhtar Niazi, FA (Labour & Manpower).
4. Mr. M. Athar Siddiqi, DFA (Justice and Parliamentary Affairs).
5. Mr. Nabi Ahmed Khan Lodhi, DFA (Labour & Manpower).

576. *Accounts Examined.*—Accounts pertaining to the following Divisions were examined by the Committee during the meeting:—

1. Law and Justice Division.
2. Parliamentary Affairs Division.
3. Labour Division.
4. Manpower and Overseas Pakistanis Division.

LAW AND JUSTICE DIVISION

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

1. Mr. Justice Nasir Aslam Zahid, Secretary.
2. Mr. Amjad Ali, Additional Secretary/Draftsman.
3. Mr. Abrar Ahmed Siddiqui, Section Officer.

578. This Division controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Ministry of Justice and Parliamentary Affairs.	94
2.	Other Expenditure of Ministry of Justice and Parliamentary Affairs (Justice Division).	95

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579. *Grant No. 94-Ministry of Justice and Parliamentary Affairs (Page 250-AA).*—After a surrender of Rs. 910,000 there was a saving of Rs. 169,818 under Justice Division. No comments were offered by the Committee.

580. *Grant No. 95-Other Expenditure of Ministry of Justice and Parliamentary Affairs (Justice Division) (Page 251-AA).*—Against a saving of Rs. 5,502,622, the Division surrendered an amount of Rs. 5,725,561. No comments were offered by the Committee.

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

PARLIAMENTARY AFFAIRS DIVISION

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

1. Mr. Justice Nasir Aslam Zahid, Secretary.
2. Mr. Sajjad-ul-Hasan, Additional Secretary.
3. Mr. Muhammad Aslam, Assistant Secretary.

583. This Division controlled Grant No. 94-Ministry of Justice and Parliamentary Affairs (Parliamentary Affairs Division only).

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1985-86)

584. *Grant No. 94 Ministry of Justice and Parliamentary Affairs (Parliamentary Affairs Division only (Page 250-AA).*—After surrender of Rs. 1,139,768 there was a net saving of Rs. 78,577 under Parliamentary Affairs Division. No comments were offered by the Committee.

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

LABOUR DIVISION

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

1. Mr. Ashraf Ali, Acting Secretary.
2. Mr. S.S. Hoda, Joint Secretary.
3. Mr. Fazal Karim Khan, Deputy Secretary.
4. Mr. Shahamatullah Khan, Section Officer.
5. Mr. Ashraf Nadeem, Director General (EOBI).
6. Mr. Najmuddin Najmi, Director (Workers Education).

587. This Division controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Labour Division.	96
2.	Other Expenditure of Labour Division.	97
3.	Development Expenditure of Labour Division.	158

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1985-86)

588. *Grant No. 96-Labour Division (Page 240-AA).*—The grant closed with a net saving of Rs. 35,365. No comments were offered by the Committee.

589. *Grant No. 97-Other Expenditure of Labour Division (Page 241-AA).*—The grant closed with an excess of Rs. 2,915,142. It was observed that receipts on account of Workers Welfare Fund kept on coming in till the very end of the financial year. Auditor General observed that the system was either inadequate, or was not being properly followed because the position, as reported, would create an automatic position of excess over authorization. The Committee decided that Labour Division, Finance Division and Audit, through mutual consultations should arrive at an agreed solution which ensures that receipts on account of Workers Welfare Fund received towards the end of financial year gets accounted for so that the resulting expenditure does not get reflected in the Appropriation Accounts as an excess over authorization. The excess of Rs. 2,915,142, however, stands recommended for regularization.

590. At this stage, the operation of Workers Welfare Fund came under discussion. It was observed that an amount of Rs. 920 million was available in the Fund. Various aspects of spending procedures were explained by the departmental representatives. The Committee was, however not satisfied and instructed the Auditor General to carry out a Performance Audit of the operation of the Fund.

591. The Committee then sought information on the working of Employees Old-age Benefit Institution. The Committee was informed that Rs. 2.75 billion were available under the Employees, Old-age Benefit Scheme, which stood invested in secure Government sponsered investments. It was also explained that, keeping in view the accumulating pension liability, a very well considered investment portfolio was a primary consideration. The Committee wanting to ensure that the resources were being properly utilized, asked the Auditor General to carry out a Performance Evaluation of the Institution and report back to the PAC.

592. *Grant No. 158-Development Expenditure of Labour Division (Page 244-AA).*—No comments were offered by the Committee on the net saving of Rs. 641,000.

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

MANPOWER AND OVERSEAS PAKISTANIS DIVISION

594. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Manpower and Overseas Pakistanis Division. The following departmental representatives were present:—

1. Mr. Ashraf Ali, Acting Secretary.
2. Col. Aftab Malik, Director General (NTB).
3. Mr. A. Sattar Gill, Director General (NTP).
4. Sardar Noor Elahi Leghari, Director General (Bureau of Emigration).
5. Mr. Ainuddin Siddiqui, Managing Director (OPF).
6. Mr. Ijaz Ahmed Khan, Executive Director (OEC).
7. Ch. Muhammad Munir, OSD (F&A).

595. This Division controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Manpower and Overseas Pakistanis Division.	98
2.	Development Expenditure of Manpower and Overseas Pakistanis Division.	159

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1985-86)

596. *Grant No. 98-Manpower and Overseas Pakistanis Division (Page 243-AA).*—The grant closed with a saving of Rs. 3,164,056. The AGPR observed that although there was an overall saving, the Division had over-short the allocation for maintenance of durable goods. The overall saving was attributed to rent payments of counsellors posted abroad which could not be processed in time. The Committee warned that such slacknees was not acceptable and the Division should avoid excess against specific heads as reported by the AGPR.

597. *Grant No. 159-Development Expenditure of Manpower and Overseas Pakistanis Division (Page 245-AA).*—The excess of Rs. 203,110 was recommended for regularization by the Committee.

AUDIT REPORT (CIVIL) (VOL. I—1985-86)

National Training Bureau

598. *Huge financial irregularities in National Training Bureau (Para 5, pages 194-195-AR).*—The National Training Bureau awarded a contract for construction of three training centres in 1983. Against a total contract value of Rs. 13 million, progress equivalent to Rs. 6.8 million was achieved by April, 1985, at this stage the contract was rescinded and remaining work was awarded to another contractor for Rs. 10 million. A serious case of favouring the original contractor was developed by Audit. It was argued that retention money amounting to Rs. 500,000 was returned to him on the plea of getting it converted into interest bearing security. Although the contractor did not provide the security a running bill for Rs. 600,000 was paid to him and the department did not encash the performance bond of Rs. 1.3 million, which was valid for one year after the rescinding of the contract.

599. In another case a contract awarded at a cost of Rs. 20.7 million was rescinded on the plea of slow progress, although, it took the department eighteen months to select another contractor to whom the contract was awarded for Rs.23 million while no attempt was made to recover the mobilization advance of Rs. 2 million.

600. The main focus of the Committee questioning was whether the Ministry believed that such decisions, which were beneficial to private parties, could be taken unless there was connivance at supervisory level. It was pointed out that a grade 17 supervisor was under investigation for the lapses etc. The report of the original Inquiry Officer was not accepted by the Authorized officer and a fresh inquiry had been ordered. The Committee directed that an enquiry committee should be set up to investigate and report to the PAC as to why the progress of establishing the facts and finalizing action against an officer, who was being held responsible for very serious mal-practices by the Division itself, had taken an unduly long time.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. III—1985-86)

Overseas Employment Corporation

601. *Misappropriation of Revenue Rs. 3,200,000 (Para 46, pages 58-59-ARPSE).*—Rs. 3.2 million were mis-appropriated by two senior most officers of the Corporation. The Committee was informed that criminal cases were in process. The Officers were arrested at one stage and then released on bail. The Committee was assured that centralization of accounts and other controls would ensure that possibilities of mis-appropriation were minimized for future. Audit was asked to verify if some amount related to the case had been received in 'Jubail Project'.

602. *(Paras 306—308, page 258-ARPSE).*—During review of the Corporation's account it was observed that Rs. 2.5 million were payable to selectees for foreign job, collected on account of security deposits, insurance premia and service charges. The Committee directed that serious efforts should be made to refund the amount due to various people.

Overseas Pakistanis Foundation

603. *Investment in Kaghan Brick Works Limited (Para 312, page 260-ARPSE).*—Rs. 0.27 million was invested by the Foundation in a sick project called Kaghan Brick Works Limited and even a ban of Rs. 22.5 million was advanced to it. Almost the entire investment had bacome irrecoverable. The Principal Accounting Officer agreed that it was a very bad decision. The financial advisor to the Ministry informed the Committee that a formal high level inquiry committee had reviewed the matter and that the FA himself was a member of that Committee. The Managing Director who was responsible for the dicision had expired. Despite its best efforts, the inquiry could not establish the justification for the decision.

General

604. At this stage, the working of the Overseas Pakistanis Foundation and the benefits accruing to the overseas workers came under review. It was pointed out that Rs. 340 million available with the Foundation stood invested in Khas Deposit Scheme. The Committee asked Auditor-General to take up Performance Evaluation of the Overseas Pakistanis Foundation.

605. *Irregular expenditure of Rs. 41,872 upto August, 1981 on pay and allowances of drivers allowed to non-entitled Executives (Para 48, pages 59-60 ARPSE).*—Confronted with Audit observation's that Chauffeur driven cars had been provided to non-entitled executive, the departmental representative assured the Committee that the practice had been discontinued since long. No further comments were offered by the Committee.

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

607. The Committee then adjourned to meet again at 9.30 A.M. on Wednesday, the 24th May, 1989.

ISLAMABAD:
The 10th December, 1992.

KHAN AHMAD GORAYA,
Secretary General.

NATIONAL ASSEMBLY SECRETARIAT

Wednesday, the 24th May, 1989.
Twentieth Sitting (PAC)

608. The Public Accounts Committee assembled at 9.30 A.M. in Committee Room No. 2, of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1985-86. The following members attended the meeting:—

Public Accounts Committee:

1. Mr. Hakim Ali Zardari, MNA. — *Chairman*
2. Dr. Mehboob-ur-Rehman, Minister of State for Food and Agriculture. — *Member*
3. Syed Parvez Ali Shah Jillani, Minister of State for Youth Affairs. — *Member*
4. Syed Muhammad Aslam, MNA. — *Member*
5. Sardar Ashiq Muhammad Khan Mazari, MNA. — *Member*

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Joint Secretary.
2. Mr. Arif Mansur, Deputy Secretary. (PAC)
3. Mr. Mulazim Hussain Kazmi, Officer on Special Duty. (PAC)

Audit:

1. Mr. Riyaz H. Bokhari, Auditor General of Pakistan.
2. Syed Iftikhar Shabbir, Deputy Auditor-General (GA).
3. Mrs. Suraiya Hafeez, Deputy Auditor-General (CA&E).
4. Mr. A.A. Zaidi, Director General (GA).
5. Sh. Muhammad Sadiq, Accountant General Pakistan Revenues.
6. Mr. Zulqarnain Qureshi, Director Audit (Federal Govt.)
7. Mr. Fazlur Rehman, Director General (CA).
8. Chaudhry Fazal Ahmed, Director General (PEC).
9. Mr. Shaiq-ul-Khairi, Director Audit, Industry Supply and Food, Karachi.

Ministry of Finance and Planning and Development Division:

1. Dr. M.A. Aghai, Director General (Projects Wing), Planning and Development Division.
2. Mr. M. Amjad Virk, FA (Industries).
3. Mr. Ahmed Shamsul Huda, FA (Kashmir Affairs and Northern Affairs).
4. Mr. Hamid Akhtar Niazi, FA (Local Govt. and Rural Development).
5. Mr. A.R. Khan, DFA (Kashmir Affairs and Northern Affairs).
6. Mr. Hussain Ahmad, DFA (Local Govt. and Rural Development).

609. *Accounts Examined.*—Accounts pertaining to the following Ministries/Division were examined by the Committee during the meeting:—

1. Kashmir Affairs and Northern Affairs Division.
2. Ministry of Industries.
3. Ministry of Local Government and Rural Development.

KASHMIR AFFAIRS AND NORTHERN AFFAIRS DIVISION

610. The Committee took up for its examination the Appropriation accounts, Audit Report etc. pertaining to the Kashmir Affairs and Northern Affairs Division. The following departmental representatives were present:—

1. Mr. Safdar Hussain Kazmi, Secretary.
2. Mr. Ali Asghar Awan, Deputy Secretary (A).
3. Mr. M. Shaukat Mufti, Section Officer (F&A).
4. Mr. Muhammad Afzal Aziz, Accounts Officer.
5. Mr. Muhammad Afzal Kahut, Administrator (NA Gilgit).
6. Mr. Qurban Jan, Secretary Finance (NA).
7. Ch. Zafarullah, Director Civil Supplies (NA).
8. Col. Abdul Aziz, Director Education (NA).
9. Mr. Zafar Iqbal, Manager (NATCO) (NA).

611. This Division controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Kashmir Affairs and Northern Affairs Division.	123
2.	Northern Areas.	124
3.	Federal Government Educational Institutions in Northern Areas.	125
4.	Other Expenditure of Kashmir Affairs and Northern Affairs Division.	126
5.	Capital Outlay on Purchases by Kashmir Affairs and Northern Affairs Division.	131
6.	Development Expenditure of Kashmir Affairs and Northern Affairs Division.	167

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1985-86)

612. *Grant No. 123-Kashmir Affairs and Northern Affairs Division (Page 320-AA).*—The grant closed with an unsurrendered saving of Rs. 266,549 which was attributed to certain posts remaining vacant. The Committee cautioned that there was no justification for keeping posts vacant especially since under-staffing must be affecting the overall efficiency of the Division.

613. *Grant No. 124-Northern Areas (Page 321-AA).*—The department explained that the saving of Rs. 5,236,136 was due to vacant posts, and non-adjustment of certain debts. The Committee emphasized the need for timely surrender.

614. *Grant No. 125-Federal Government Educational Institutions in Northern Areas (Page 322-AA).*—The saving of Rs. 1,342,356 was again attributed to certain posts remaining vacant. The Committee desired that the Establishment Division be informed that in-action on its part was being repeatedly brought to the Committee notice as a justification of considerable savings in various Ministries/Divisions. Keeping in view the overall unemployment position, the Commitee viewed the explanation as unsatisfactory and desired that the Establishment Division might look into this and determine as to why these posts remained unfilled despite fund allocaton and departmental requirement.

615. *Grant No. 126-Other Expenditure of Kashmir Affairs and Northern Affairs Division (Page 323-AA).*—The grant closed with an excess of Rs. 115,115,039. From the discussion it transpired that an additional amount of Rs. 112.6 million was sanctioned/agreed to by the Finance Division to cover revenue deficit of Azad Jammu and Kashmir Government but due to oversight both of the Administrative Division and Finance Division, the amount could not be included in the Supplementary Grant. The Committee advised that the Principal Accounting Officer may ask the concerned officer to explain his position.

616. *Grant No. 131—Capital Outlay on Purchases by Kashmir Affairs and Northern Affairs Division (Page 324-AA).*—The saving of Rs. 2,940,878 was surrendered after due date. The Committee did not offer any comments.

617. *Grant No. 167—Development Expenditure of Kashmir Affairs and Northern Affairs Division (Page 327-AA).*—The saving of Rs. 9,989,728 was not surrendered. The Ministry was cautioned to improve financial control.

AUDIT REPORT (CIVIL) (VOL. I—1985-86)

618. *Loss due to shortage of food stuff—Rs. 302,381 (Para 3, page 266-AR).*—An officer was held responsible for a shortage of food stuff worth Rs. 302,381. The inquiry against him was in progress for the last 18 months. The Committee expressed its concern about the overly slow rate of inquiry proceeding in all cases coming to its notice and desired that the disciplinary action be expedited and the official removed from sevice.

619. *Performance Audit Report on Fruit Dehydration Plant, Gilgit (Paras 1.1—15.1, pages 273—277-AR).*—Performance Audit report emphasized that an investment of Rs. 2.66 million on a fruit dehydration plant set up in a backward area with tremendous fruit production, have been a total loss. The plant which operated for only 130 days was afflicted with poor planning, inappropriate machinery selected by non-technical people, and very poor out put. During discussion representative of Planning and Development Division argued that the major problem with the project lay in its faulty execution. The Committee was also informed that the services of the officer responsible for the gross mismanagement have been terminated. At the moment the Ministry is considering disinvestment. The available offers were absolutely inadequate. Thinking, therefore, is that the land, building and the plant should be separately sold/utilized. The Committee directed that the disinvestment action should be completed in six months.

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

MINISTRY OF INDUSTRIES

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

1. Mr. Aitezazuddin Ahmed, Secretary.
2. Mr. Saleem Maqsud, Joint Secretary(A).
3. Mr. Muhammad Azam Chaudhry, Accounts Officer (Finance).
4. Mr. M. Abdullah Yusuf, Managing Director (USC).
5. Mr. Rezaul Haq Syed, Managing Director (IACP).
6. Mr. Fakhar-uz-Zaman, Secretary (TIRDC).
7. Mr. S. N. Abbasi, Deputy Director General (Deptt, of Supplies).
8. Mr. Pervaiz Akhtar Sankhla, General Manager (Finance) (EPZA).
9. Rana Ehsanul Haque, Chief Inspector Explosives.
10. Mr. Khalid Masood Kazi, General Manager (T&O) (GCP).
11. Mr. Muizuddin Ahmed, Director Finance (GCP).
12. Mr. M. A. Hasnain Zaidi, Deputy Director (Chem) (CTL).

622. This Ministry controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Ministry of Industries.	76
2.	Industries.	77
3.	Development of Investment Promotion and Supplies.	78
4.	Other Expenditure of Ministry of Industries.	79
5.	Capital Outlay on Miscellaneous Stores.	130
6.	Development Expenditure of Ministry of Industries.	156

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1985-86)

623. *Grant No. 76-Ministry of Industries (Page 208-AA).*—There was a saving of Rs. 449,854 under the grant. No comments were offered by the Committee.

624. *Grant No. 77-Industries (Page 209-AA).*—Against a saving of Rs. 26,394, Rs. 25,999 had been surrendered. No comments were offered by the Committee.

625. *Grant No. 78-Development of Investment Promotion and Supplies (Page 210-AA).*—The excess of Rs. 197,004 was recommended for regularization through Excess Budget Statement.

626. *Grant No. 79-Other Expenditure of Ministry of Industries (Page 211-AA).*—The grant closed with a net saving of Rs. 41,915. No comments were offered by the Committee.

627. *Grant No. 130-Capital Outlay on Miscellaneous Stores (Page 212-AA).*—No comments were offered by the Committee on the net saving of Rs. 219,703.

628. *Grant No. 156-Development Expenditure of Ministry of Industries (Page 213-AA).*—No comments were offered by the Committee on the saving of Rs. 511,421.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII—1985-86)

Audit comments on the Accounts of following units under Ghee Corporation of Pakistan (Private) Limited.

(i) *A & B Industrial Gases Limited (Para 236, page 214-ARPSE).*—

(ii) *A & B Oil Industries Limited (Para 239, page 216-ARPSE).*—

(iii) *Asaf Industries (Private) Limited (Para 241, page 218-ARPSE).*—

(iv) *Associated Industries Limited (Para 242, page 219-ARPSE).*—

(v) *Bara Vegetable Ghee Mills (Para 244, page 220-ARPSE).*—

(vi) *Bengal Vegetable Industries Limited (Para 246, page 221-ARPSE).*—

(vii) *Chiltan Ghee Mills (Para 249, page 223-ARPSE).*—

(viii) *Crescent Factories (Vegetable Ghee Mills) (Para 253, page 225-ARPSE).*—

(ix) *Dargai Vegetable Oil Processing Industries (Para 256, page 227-ARPSE).*—

(x) *E. M. Oil Mills and Industries Limited (Para 258, page 228-ARPSE).*—

(xi) *Fazal Vegetable Ghee Mills Limited (Para 260, page 230-ARPSE).*—

(xii) *Haripur Vegetable Oil Processing Industries (Para 262, page 231-ARPSE).—*

(xiii) *Hydari Industries Limited (Para 256, page 233-ARPSE).—*

(xiv) *Kakakhel Industries Limited (Para 267, page 234-ARPSE).—*

(xv) *Khyber Vegetable Ghee Mills (Private) Limited (Paras 269-270, page 235-ARPSE).—*

(xvi) *Kohinoor Oil Mills Limited (Para 271, page 236-ARPSE).—*

(xvii) *Maqbool Company Limited (Para 274, page 238-ARPSE).—*

(xviii) *Morafco Industries Limited (Para 275, page 239-ARPSE).—*

(xix) *Punjab Vegetable Ghee and General Mills Limited (Paras 280-281, page 242-ARPSE).—*

(xx) *Sargroh Vegetable Ghee and General Mills (Paras 282-283, page 243-ARPSE).—*

(xxi) *Sh. Fazal Rahman and Sons Limited (Para 284, page 244-ARPSE).—*

(xxii) *Suraj Ghee Industries Limited (Para 285, page 246-ARPSE).—*

(xxiii) *United Industries Limited (Para 286, page 248-ARPSE).—*

(xxiv) *Universal Oil and Vegetable Ghee Mills Limited (Paras 287-288, page 249-ARPSE).—*

(xxv) *Wazir Ali Industries Limited (Para 291, page 251-ARPSE).—*

629. While summarizing the overall financial picture of the various units under Ghee Corporation, the Audit representative argued that, notwithstanding the fact that there was roughly 100 per cent utilization of capacity, 11 of the 26 units were running in losses. The accumulated losses stood at Rs. 350 million as on June, 1987. The Seed Division of the Corporation also represented a fairly dismal financial picture. Its accumulated losses as on June, 1987 stood nearly at Rs. 93 million. The Division was faced with liquidity problems resulting in abnormally high financial charges.

630. The departmental representative argued that while he was not prepared on the position regarding accumulated losses, he was convinced that the overall position of the Corporation was healthy and it had shown a profit of Rs. 4 crore in the previous years. He further stressed that, while reviewing the financial position, the Corporations's role in a key social sector activity could not be ignored. Edible oil had a direct bearing on national health and the quality of oil and its packing were of utmost importance. The Corporation was facing a very tough challenge from the private sector which was not above compromising on the qualitative aspect of business to earn a profit. The result was that the competitors while using sub-standard tin were even marketing product which solidify at normal human body temperature. Another constraint on the Corporation was that its dealings with foreign banks were severly circumscribed. The deregulation thus had placed a lot of limitations on the Corporation which was maintaining a very healthy payroll both in terms of people employed and the benefits afforded to them. The locational disadvantages and aged machinery/plants and other problems related to certain taken over units like Chiltan, Bara, Dargai, Haripur and Crescent came under discussion. During the lengthy discussion, the members sought information about different aspect of the Ghee Industry. Concern was expressed about the position of accumulated losses. The Committee was of the opinion that there was no apparent justification for Ghee Industry units to go into losses. In case certain constraints were hampering profitability, a realistic position should be brought before the Committee set up by the Prime Minister.

631. While discussing the position of Seed Division the departmental representative argued that the project had suffered from neglect and fund starvation. It was essentially an experimental project designed for a promotional activity and could not be evaluated only on the basis of profitability. The Auditor-General observed that evaluation of Public enterprizes certainly posed a complex problem when social objective were taken into account. Pakistan had done some original work in this area and a "Signalling System" developed by the Expert Advisory Cell of the Ministry of Production was one of

them. The Committee desired that the position in regard to Seed Division be also brought before the Prime Minister's Committee. The Corporation should seriously examine the possibility of adopting the 'Signalling System' referred to by the Auditor-General.

632. *Loss of Rs. 799,951 due to excess consumption of gas and electricity (Para 34, page 50-ARPSE).*—Audit had observed that during 1984-85 a unit of GCP had consumed excess of gas and electricity. The department argued that the standard against which the excess had been worked out was more relevant to normal operation. The standard as such does not take into account unexpected breakdowns which may require closing down the plan and utilities involve extra consumption of power in restarting it. Accepting the explanation, the Committee dropped the para.

633. *Undue favour to a contractor resulting in excessive expenditure of Rs. 95,452 (Para 35, pages 50-51-ARPSE).*—Although, Audit contention, that non-competitive award of contract had benefitted a private party, was upheld, the Committee dropped the para on the understanding that such irregularities would not be committed in future.

634. *Un-necessary purchase of Rectifier Transformer valuing Rs. 710,018 (Para 36, page 51-ARPSE).*—While reviewing the un-necessary purchase of a transformer, the Committee warned that such random procurement should be discouraged.

635. *Loss of Rs. 85,140 on account of sale of ghee credit (Para 37, page 52-ARPSE).*—In a case in which sale on credit had been made to a party which defaulted, the department explained that the money had been recovered from the Managing Director. No further comments were offered by the Committee.

636. *Loss of Rs. 429,806 due to excess consumption of chemicals (Para 39, page 53-ARPSE).*—Audit had observed that Nickle and Caustic Soda in excess of laid down standard was consumed by a unit of GCP. The departmental representative explained that the excess utilizing of the Catalyst etc. had resulted in excess production through telescoping of the time frame and the resulting output was not injurious to health. The Committee did not offer any further comments.

637. *Loss of interest amounting to Rs. 55,131, due to delayed redemption of guarantee (Para 41, page 54-ARPSE).*—In a case where a GCP unit incurred a losss due to delay in redemption of a guarantee, non-renewal of FDR and delayed collection of sale revenue, the discussion was deferred pending the Corporation making the inquiry report available to Audit for their review/comments.

PERFORMANCE EVALUATION OF PUBLIC ENTERPRISES (VOL. IX-B 1987)

638. *Performance Evaluation Report on Utility Stores Corporation of Pakistan Limited Islamabad (Paras 1.1—2.7, pages 4-34/Perf. Eval. Report Vol-IX-B—1987).*—The performance report sought to develop argument that although, the Corporation had been showing improved performance since 1983 and had managed to reduce its accumulated losses from Rs. 86 million to Rs. 12.5 million as on June 30, 1983, this profitability had been achieved by reducing number of stores from 764(1979) to 349 and provision of liberal interest free financing by the Government. The basic intended objective of the Corporation, *viz.* acting as a price moderator could not be achieved at the present scale of operations, the Corporation share of the retail market being less than 1%. The Committee, while emphasizing that the Corporation should strive harder to come out of red, commented that involving the public sector into retail shop-keeping, which provided sustenance to a major portion of the population, did not appear to be a sound policy.

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

MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT

640. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Ministry of Local Government and Rural Development. The following departmental representatives were present:—

1. Mr. Ahmed Sadik, Additional Secretary (Incharge).
2. Mr. Ashraf Nadeem, Joint Secretary (A).
3. Mr. Muhammad Ashraf, Joint Secretary (RD).
4. Mr. Baqir H. Naseem, Deputy Secretary (LG).
5. Mr. Ashiq Hussain Gondal, Section Officer (F&A).
6. Rana Muhammad Munir, Director (DCRD).
7. Col. Shahid Hameed Khan, Project Director (FRDGC).

641. This Ministry controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Ministry of Local Government and Rural Development.	99
2.	Other Expenditure of Ministry of Local Government and Rural Development.	100
3.	Development Expenditure of Ministry of Local Government and Rural Development.	160

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1985-86)

642. *Grant No. 99-Ministry of Local Government and Rural Development (Page 258-AA).*—The grant closed with a net saving of Rs. 323,559. No comments were offered by the Committee.

643. *Grant No. 100-Other Expenditure of Ministry of Local Government and Rural Development (Page 259-AA).*—The entire saving of Rs. 488,000 under the grant had been surrendered.

644. *Grant No. 160-Development Expenditure of Ministry of Local Government and Rural Development (Page 260-AA).*—The Committee did not offer any comments on the saving of Rs. 322,813.

AUDIT REPORT (CIVIL) (VOL. I—1985-86)

645. *Performance Audit Report on Data Centre for Rural Development, Islamabad (Paras 2.1.1—3.2.3, pages 201—211-AR).*—With a view to provide an adequate data base for Rural Development, a data centre was conceived by the Ministry of Local Government and Rural Development in 1979. The centre was installed in 1981 but were even in 1986 the utilization of computer hours was very poor. The data originally planned to be collected was never received. Having failed to achieve its basic objective, the computer capacity was being partially used to computerize local council budgets and development schemes undertaken by the Federal Legislators. The Committee expressed the hope that the new Principal Accounting Officer would make special efforts to justify the purchase of a main frame computer and ensure its adequate utilization. It was also directed that the department may send a report about their future plans to Audit.

646. *Points not discussed to be treated as settled.*—The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Ministry of Local Government and Rural Development. These would be treated as settled subject to any action as may be necessary under the rules.

647. The Committee then adjourned to meet again at 9.30 A.M. on Thursday, the 25th May, 1989.

KHAN AHMAD GORAYA,
Secretary General.

ISLAMABAD:
The 10th December, 1992.

NATIONAL ASSEMBLY SECRETARIAT

Thursday, the 25th May, 1989.
Twenty-first Sitting (PAC)

648. The Public Accounts Committee assembled at 9.30 A.M. in Committee Room No. 2, of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1985-86. The following members attended the meeting:—

Public Accounts Committee:

1. Mr. Hakim Ali Zardari, MNA. — *Chairman*
2. Dr. Mehboob-ur-Rehman, Minister of State for Food and Agriculture. — *Member*
3. Syed Parvez Ali Shah Jillani, Minister of State for Youth Affairs. — *Member*
4. Syed Muhammad Aslam, MNA. — *Member*
5. Sardar Ashiq Muhammad Khan Mazari, MNA. — *Member*

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Joint Secretary.
2. Mr. Arif Mansur, Deputy Secretary. (PAC)
3. Mr. Mulazim Hussain Kazmi, Officer on Special Duty. (PAC)

Audit:

1. Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
2. Syed Iftikhar Shabbir, Deputy Auditor-General (GA).
3. Mrs. Suraiya Hafeez, Deputy Auditor-General (CA&E).
4. Mr. A.A. Zaidi, Director General (GA).
5. Sh. Muhammad Sadiq, Accountant General Pakistan Revenues.
6. Mr. Fazlur Rehman, Director General (CA).
7. Mr. Munir Ahmed, Director General Audit (PT&T).

Ministry of Finance and Planning and Development Division:

1. Dr. M.A. Aghai, Director General (Projects Wing), Planning and Development Division.
2. Mr. Muhammad Ismail Maarif, FA (Agriculture Research).
3. Mr. Ahmed Shamsul Huda, FA (Interior).
4. Mr. Hamid Akhtar Niazi, FA (Communications).
5. Mr. Waseer Ahmed Sheikh, DFA (Interior).
6. Mr. Hussain Ahmed, DFA (Communications-II).
7. Mr. Nabi Ahmed Khan Lodhi, DFA (Communications-III).

649. *Accounts Examined.*—Accounts pertaining to the following Ministries/Division were examined by the Committee during the meeting:—

1. Agriculture Research Division.
2. Ministry of Interior.
3. Ministry of Communications.

AGRICULTURE RESEARCH DIVISION

650. The Committee took up for its examination the Appropriation Accounts etc. pertaining to the Agriculture Research Division. The following departmental represenatatives were present:—

1. Dr. Amir Muhammad, Secretary (ARD)/Chairman (PARC).
2. Mr. Talib Hussain Sial, Deputy Secretary.
3. Sahibzada Muhammad Ayaz, Member (Finance) (PARC).
4. Dr. Muhammad Sharif, Commissioner Special Crops (MINFA).
5. Dr. Muhammad Qasim Chattha, Project Director (CMP) (PARC).
6. Ch. Fazal Ahmed, Director (Accounts) (PARC).
7. Mr. Ansar Hussain, Deputy Director (Audit) (PARC).

651. This Division controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Agriculture Research Division.	53
2.	Development Expenditure of Agriculture Research Division	150

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1985-86)

652. *Grant No. 53-Agriculture Research Division (Page 157-AA).*—The saving of Rs. 490,503 was due to late intimation about non-release of funds in the fourth quarter. No comments were offered by the Committee.

653. *Grant No. 150—Development Expendiutre of Agriculture Research Division (Page 169-AA).*—Against a saving of Rs. 54,101,839, the Division surrendered an amount of Rs. 49,408,500 leaving a net saving of Rs. 4,693,339. It appeared that the net saving was due to non-accounting of certain project expenditure incurred by donor agencies. The Principal Accounting Officer undertook to have all details available at the time of next PAC meetings.

General

654. At this stage, on a query from members, the Principal Accounting Officer briefly explained the functions of PARC and informed the Committee about certain aspects of research work being done by the department. While appreciating the reported performance, the Committee members indicated that they might visit the PARC for a detailed briefing.

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

MINISTRY OF INTERIOR

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

1. Syed Khalid Mahmood, Secretary.
2. Mr. M. Hussain Chaudhry, Deputy Secretary.
3. Mr. Akbar Hussain Siddiqui, Section Officer.
4. Mr. Azkar Ahmed Khan Niazi, Section Officer.

5. S. Zafar Hasnain, Section Officer.
6. Mr. Amir-ul-Hassan Alvi, Accounts Officer
7. Mr. Dilshad Najmuddin, Chairman (PNCB).
8. Mr. Abdul Wadood Khattak. Director (Admn/Finance) (ICT).
9. Syed Salman Khaliq, Director General (FIA).
10. A.V.M. Saeed Akhtar Ansari, Director General (Civil Defence).
11. Syed Wasiq Shah, Director General (Immigration and Passports).
12. Mr. Javaid Qayum Khan, Director General (Registration).
13. Col. Javaid Akhtar, Deputy Director General (Pakistan Cost Guard, Karachi).
14. Col. Muhammad Akbar, Deputy Director General (Pakistan Rangers).
15. Syed Israr Ali Shami, Vice Principal (Central Jail Staff Training Institute).
16. Major General Sardar Muhammad Khalid, Inspector General (HQ Frontier Corps, Balochistan, Quetta).
17. Brig. Muhammad Ehsan, DIG (HQFC) (NWFP).

657. This Ministry controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Ministry of Interior.	86
2.	Islamabad.	87
3.	Passport Organization.	88
4.	Civil Armed Forces.	89
5.	Registration Organization.	90
6.	Civil Defence.	91
7.	Federal Investigation Agency.	92
8.	Other Expenditure of Ministry of Interior.	93
9.	Development Expenditure of Ministry of Interior.	157

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1985-86)

658. *Grant No. 86-Ministry of Interior (Page 228-AA).*—The grant closed with an excess of Rs. 3,804,966 mainly because a request for supplementary grant to which Finance Division agreed in principle, had not been sponsored in time and as such could not be incorporated in the Authenticated Schedule of Supplementary Expenditure. After discussion, the excess was recommended for regularization through Excess Budget Statement.

659. *Grant No. 87-Islamabad (Page 229-AA).*—While discussing the saving of Rs. 3,426,370, the Committee emphasized the need for timely surrender.

660. *Grant No. 88-Passport Organization (Page 230-AA).*—No comments were offered by the Committee on the net saving of Rs. 138,753.

661. *Grant No. 89-Civil Armed Forces (Page 231-AA).*—The grant closed with an excess of Rs. 178,001,464. The excess was attributed to mandatory expenditure on account of indexation, filling up certain posts and unrealistic budget allocation which was topped off by unsustainable economy cuts. The Committee was not satisfied with the explanation and desired that a detailed explanation incorporating views of the Ministry of Finance be made available to it before the excess could be recommended for regularization.

662. *Grant No. 90-Registration Organization (Page 232-AA).*—The Department had not surrendered the saving of Rs. 1,931,733. The Committee once again emphasized the need for timely surrender.

663. *Grant No. 91-Civil Defence (Page 233-AA).*—The excess of Rs. 104,441 was recommended for regularization.

664. *Grant No. 92-Federal Investigation Agency (Page 234-AA).*—The grant closed with an excess of Rs. 5,120,721. While observing that the accounts of the Ministry depicted a fair amount of laxity in financial control, the Committee, recommended the excess for regularization.

665. *Grant No. 93-Other Expenditure of Ministry of Interior (Page 235-AA).*—No comments were offered on the saving of Rs. 104,435.

666. *Grant No. 157-Development Expenditure of Ministry of Interior (Page 236-AA).*—The saving of Rs. 61,613,785 was attributed to the non-accountal of a surrender of Rs. 52,653 million. No further comments were offered by the Committee.

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

MINISTRY OF COMMUNICATIONS

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

1. Mr. H.N. Akhtar, Secretary.
2. Mr. Abdul Rehman, Additional Secretary.
3. Mr. Moinuddin Siddiqui, Joint Secretary (A).
4. Mr. S. Ibrahim Shah, Deputy Secretary (A).
5. Mr. Muhammad Asghar, Accounts Officer.
6. Rear Admiral Sajjad Akbar, Additional Secretary/Director General (Ports & Shipping Wing).
7. Mr. Mohsin H. Sheikh, Director General (NHB).
8. Rear Admiral Naeem Beg, Managing Director (KS & EW).
9. Cdre. S.Y. Raza, Commandant (PMA).
10. Rear Admiral Akbar H. Khan, Chairman (PQA).
11. Brig. Ehsan Yousaf, Acting Director General (FWO).
12. Col. Akhtar Mumtaz, Deputy Director General (SCO).
13. Vice Admiral Saeed M. Khan, Chairman (PNSC).
14. Rear Admiral (Retd.) Ishrat H. Khan, Chief Executive (NTCL).
15. Mr. Shah Hassan, General Manager (C) (CTI).
16. Mr. Khalid Jalil, Managing Director (TIP).
17. Mr. Amir Nawaz Khan, Director General (PPO).
18. Ch. Muhammad Sarwar, Deputy Director General (PPO).
19. Brig. Khalid Raza, General Manager (NRTC).
20. Mr. A.R. Qureshi, Director General (PT&T).
21. Mr. Feroz Bashir Ansari, CAO (PT&T).

669. This Ministry controlled the following grants:—

S. No.	Name of Grant	Grant No.
Civil		
1.	Ministry of Communications.	19
2.	Department of Shipping Control and Mercantile Marine.	22

S. No.	Name of Grant	Grant No.
3.	Lighthouses and Lightships.	23
4.	Other Expenditure of Ministry of Communications.	24
5.	Development Expenditure of Ministry of Communications.	141
6.	Capital Outlay on Ports and Shipping.	174
7.	Capital Outlay on Communication Works.	175
Pakistan Post Office Department		
1.	Pakistan Post Office Department.	20
2.	Capital Outlay of Pakistan Post Office Department.	172
Pakistan Telegraph and Telephone Department		
1.	Pakistan Telegraph and Telephone Department.	21
2.	Capital Outlay of Pakistan Telegraph and Telephone Department.	173

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1985-86)

670. *Grant No. 19-Ministry of Communications (Page 72-AA).*—No comments were offered by the Committee on the saving of Rs. 50,124.

671. *Grant No. 22-Department of Shipping Control and Mercantile Marine (Page 73-AA).*—The grant closed with a net saving of Rs. 240,866. The Committee did not offer any comments.

672. *Grant No. 23-Lighthouses and Lightships (Page 74-AA).*—A sum of Rs. 30,000 was surrendered allowing the grant to close with a net saving of Rs. 86,661. No comments were offered by the Committee.

673. *Grant No. 24-Other Expenditure of Ministry of Communications (Page 75-AA).*—The grant closed with a net saving of Rs. 31,880,953. During discussion, it was observed that although Rs. 27.8 million were released to the Frontier Works Organization for maintenance of the Karakorm Highway, the Organization actually incurred an expenditure of Rs. 40.531 million. The Principal Accounting Officer explained that the procedures had then been tightend up and it would be ensured that FWO did not spend more than the amount released to it.

674. *Grant No. 141-Development Expenditure of Ministry of Communications (Page 76-AA).*—Only a sum of Rs. 3,059,846 had been surrendered against a saving of Rs. 247,599,235. The Department explained that due to adverse ways and means position fourth quarter releases against certain schemes were withheld. At the stage at which this position became clear, it was too late to make what would have been a technical surrender. No comments were offered by the Committee.

675. *Grant No. 174-Capital Outlay on Ports and Shipping (Page 77-AA).*—There was a saving of Rs. 71,326,589 under the grant. An amount of Rs. 2,349,000 was surrendered leaving a net saving of Rs. 68,977,589. The Committee directed that in future all savings must be surrendered in time.

676. *Grant No. 175-Capital Outlay on Communication Works (Page 78-AA).*—The grant closed with an excess of Rs. 67,607,188. Audit pointed out that excesses against this grant were a regular feature. The departmental representative explained that the excesses pertained to amounts spent by FWO on maintenance of highways. It was elaborated that work in the maintenance of these highways, weather played an important and uncertain role. In the case of excessive problems the maintaining agency had to undertake necessary repairs on an emergency basis without waiting for fund allocations.

677. The Committee being dissatisfied with this general justification, directed that a detailed explanation of Frontier Works Organization be obtained before the Committee could consider regularization of the excess of Rs. 67,607,188.

Karachi Shipyard and Engineering Works Limited

678. *Working results of KS&EW (Para 117, page 155-ARPSE).*—Audit observed that the KS & EW, which sustained an operating loss of Rs. 146.065 million during 1985-86, has continued to suffer losses in the succeeding years and its accumulated losses stood at Rs. 485 million. The departmental representative explained that this major national asset had been the victim of under utilization and neglect. A ship building unit cannot show profit unless it get orders to build ships. It was informed that orders for 5 container vessels were already underway and a key decision had been taken that all future PNSC orders would be placed with KS & EW. On Auditor General's suggestion, the Committee desired that a five-year plan involving financial restructuring of the shipyard should be drawn up to put its operations on a sound footing. It was further directed by the Chairman that the new Management may tight the control and reduce the accumulated losses.

679. *Likely loss of Rs. 0.357 million being cost of material placed under consignment account with an agent against fake bank guarantee (Para 14, page 33-ARPSE).*—Audit contended that the KS & EW sustained a loss carelessly entertaining a fake bank guarantee. While acknowledging the lapse, the Principal Accounting Officer assured the Committee that instructions would be issued that all bank guarantees should be got reconfirmed.

Pakistan National Shipping Corporation

680. *Loss of US $ 115,155 equivalent to Pak Currency Rs. 1,727 million due to issuing of antedated Bill of Lading (Para 15, pages 34-35-ARPSE).*—In a case pertaining to antedating of a bill of lading the Corporation undertook to be careful in future. The Committee directed that the case for write off of the loss be processed.

681. *Loss of Rs. 546,153 due to irregular import of prime movers and trailers (Para 16, page 35-ARPSE).*—Audit had observed that the Corporation had to sustain an unnecessary loss due to delayed clearance of 2 prime movers and 12 trailers. The Principal Accounting Officer was asked to call the explanation of the officers responsible for the loss.

682. *Operational results of PNSC (Para 121, page 157-ARPSE).*—While summarising the Corporation's financial position Audit explained that the equity, long terms loans and deferred liabilities have been totally eroded by accumulated losses amounting to Rs. 3645.006 million as on June, 1988. The departmental representative explained that one major reason for the losses was the purchase of ships against a 2.5 billion Yen loan. Since the Yen has appreciated to 3 times its value at the time of the purchase, the liability had inflated the loss position to what appeared to be a really alarming level. The other major reason for continued losses was under utilisation of the available national resources. The Corporation did not carry more that 15% of the national cargo. A related problem was that the Corporation did not have a proper fleet composition. It was badly in need of container, bulk and Tanker vessels.

683. It was also informed that consultants had been hired for advising on management problems. The financial restructuring was receiving the highest attention. The Auditor-General observed that general talk about urgent action being taken was normally confined to PAC meetings; nothing concrete was subsequently done to salvage national resources. The Committee, while agreeing that mismanagement and dubious high level decisions had concerted the national flag carrier into an overly expensive white elephant, directed that a Committee comprising Secretary, Communications Division, Secretary, Finance Division and Secretary Planning and Development Division should review the entire position and report to the PAC on future strategy to be adopted to prevent/minimize the persistant drain on public exchequer resulting from Pakistan National Shipping Corporation.

Port Qasim Authority

684. *Unplanned procurement of Mooring System—Rs. 17.115 million (Para 17, pages 35-36—ARPSE).*—According to Audit a Mooring System was imported in 1982 but was still unutilized. The Committee was not satisfied with explanation that unusually high level of silting had delayed the site selection for the system and directed that an inquiry should be held to fix individual responsibility.

685. *Operating results of PQA (Paras 124-125, page 158—ARPSE).*—While reviewing the financial results Audit observed that the position is deteriorating and the accumulted losses had risen to Rs. 348.630 million by June, 1987. The Committee viewed this position with alarm and appointed a Sub-Committee comprising Sardar Ashiq Muhammad Khan Mazari, MNA and Syed Muhammad Aslam, MNA to review the working of the Port Qasim Authority.

APPROPRIATION ACCOUNTS (PPO. VOL-III—1985-86)

AUDIT REPORT (PPO AND PT&T VOL. V—1985-86)

Pakistan Post Office Department

(i) *Grant No. 20—Pakistan Post Office Department (Page 25-AA-PPO)—*

(ii) *Control Over Expenditure (Para 1.1, page 9-AR-PPO&PT&T)—*

686. The grant closed with an excess of Rs. 45,066,552 over the Authorisation of Rs. 677,045,000. The excess was attributed to:

(i) an expenditure of Rs. 32.9 million sanctioned by Finance Division to meet additional expenditure on account of indexation of pay. The sanction was accorded at a time (June 1986) when its incorporation in the supplementary schedule of authorised expenditure was not possible.

(ii) a demand for Rs. 11.91 million to meet obligatory increase in pension charges was not agreed to by the Finance Division.

687. The Committee observed that sufficient justification to recommend regularisation of the excess through Excess Budget Statement did not exist. The demand of Rs. 32.9 million and Rs. 11.91 million on account of pay/allowances and pensions could have easily been included in the request for Supplementary Grant. Non-incorporation of the anticipated expenditure in the request for the Supplementary Authorisation amounted to unduly stretching the Constitutional provision for Excess Budget Statement and presenting an unrealistic ways and means position while approaching the National Assembly for Supplementary Grant. The PAC cannot condone such deliberate window dressing of Accounts. Detailed justification for carrying over this expenditure to the Excess Budget Statement be provided by the Finance Division.

688. *Grant No. 172-Capital Outlay of Pakistan Post Office Department (Page 28-AA-PPO).*—No comments were offered by the Committee on the saving of Rs. 750.

689. *Excess of Rs. 45 million in working expenses and loss of Rs. 92 million during the year (Para 2.2, page 11-AR-PPO & PT&T).*—Audit observed that while the Department had estimated an operational loss of Rs. 27 million, the actual loss was Rs. 92 million. The departmental representative explained that there were a few inherent constraints facing what is otherwise a very healthy and sound operation. The first being, that an ordinary postal letter on an average costs Rs. 1.17 to delivery, but for political consideration the department is allowed to charge Rs. 0.80 for it. The second reason is that,

despite its wide reach, the savings potential of the postal department is not being tapped. To ensure vigorous efforts incentives, like personal commission and realistic wages to part time employees in villages (who at the moment are getting Rs. 150 per month), are required. The Committee advised that realistic position on these issues be brought before the Cabinet.

690 *Investment in Postal Savings Schemes (Para 2.4, page 12-AR-PPO and PT&T).*—Audit suggested that the Committee may seek explanation of the under achievement of targets in the Postal Savings Schemes. The departmental representative explained that tough competition from the National Saving Organisation, which was a baby of the Ministry of Finance and was offering very attractive, schemes, was reducing the impact of the Postal Organisation's effort which otherwise had a very wide reach and was highly cost effective provided it was given proper incentives. While advising that the matter relating to incentives be brought before the Cabinet, the Committee desired that the Department should fix realistic and achieveable targets.

APPROPRIATION ACCOUNTS (PT&T) (VOL. IV—1985-86)

AUDIT REPORT (PPO AND PT&T) (VOL. V—1985-86)

(i) *Grant No. 21—Pakistan Telegraph and Telephone Department (Pages 21-23-AA-PT&T))*—

(ii) *Control Over Expenditure (Para 6.1, page 25-AR-PT&T)*—

691. The department had not surrendered the saving of Rs. 90.68 million. It was explained that certain payments could not be made because of non-completion of works by contractors. There were other problems like delayed billing by International Telegraph Union and disputes with foreign carriers, which take time to resolve. In such cases, the dead line of end of March for surrender was not really feasible and extending of the due date to 15th May would help streamline things. The Committee accepted the justification.

(i) *Grant No. 173-Capital Outlay of Pakistan Telegraph and Telephone Department (Pages 24-25-AA-PT&T)*—

(ii) *Huge excess under grant No. 173 (Para 6.2, page 25-AR-PT&T)*—

692. The grant had closed with an excess of Rs. 137.67 millioin. It was pointed out that if another expenditure of Rs. 665.59 million booked under the heads "Remittances, Objection Book Advance and Adjusting Account" is taken into accounts the actual excess works out to Rs. 803.210 million. It was also noted that excesses against grant No. 173 had become a normal pattern.

693. The Committee observed that the deliberately understating excess position amounted to an effort to over-ride the legislative process of Budget Authorisation. Explanation of officers responsible for excesses in all the preceding years be submitted for review by the Committee.

694. *Non-maintenance of Accounts on Accrual Basis (Para 7.1. page 29-AR-PT&T).*—In accordance with Clause 11 of the President's Order of May, 1979, the accounts of the Department were to be prepared by the D.G. T&T on accrual basis, but despite the lapse of 10 years these orders had not been complied with. The PAC reviewed the matter seriously. The Secretary stated that they were going to acquire services of foreign experts for bringing the Accounts on Commercial pattern. The Audit pointed out that a Committee was formulated by the O&M Wing and the Cabinet Division to commercialise the accounts which may also be asked to intimate the progress. The Chairman, PAC directed that the Ministry may pursue the matter vigorously to do the needful.

Pakistan Telegraph and Telephone Department

695. *Idle Telephone Capacity (Para 7.6, page 30-AR-PT&T).*—Audit had observed that, while the departmental standard viewed 95% of installed capacity as commercially useable, the actual utilisation was only 84%. The departmental representative argued that 95% was ambitious and the internatioal standard was 85%. The Committee advised that if that was the case, then the department should set a realistic standard of useable capacity.

696. *Decrease of about Rs. 4 crores in billed amount despite increase of 11,253 telephone connections in Lahore and increase in rebates allowed (Para 7.7, pages 30-31-A-R-PT&T).*—Audit observed that while telephones in Lahore increased by 11,253 the billed amount decreased by Rs. 40 million. The departmental explanation, that the growing trend of second and third telephones and late installation of other telephones was responsible for the lack of increase of revenue, was not found convincing. The Principal Accounting Officer was advised to look into the matter with special reference to revenue leakages.

697. *Upward trend of outstanding Telephone Dues (Para 7.8, pages 31-32-AR-PT&T).*—Audit pointed out that there was an upward trend in outstanding telephone dues against various agencies which had increased to Rs. 1.6 million. The department explained that this true in absolute terms but the amount viewed as percentage of total billed amount was more or less static. The Committee pointed out that this was still a matter of concern and efforts should be made to improve the situation. Further, since most of the outstanding dues were against Government departments, the Principal Accounting Officer was authorised to approach all Government departments with Committee's directives for immediate payment of past dues.

698. *Test point Telephones (Para 7.9, pages 32-33—AR—PT&T).*—Audit observed that a large number of Telephones were used as "Test points" and telephone calls worth millions of Rupees are made from them. The Committee directed that the department should inquire into the misuse of "Test points" and associate a representative of Audit in the inquiry and report back in the next P.A.C. meeting.

699. *Outstanding dues against unallotted Telephones—(Para 7.10-page 33-AR-PT&T).*—It had been observed that dues to the tune of Rs. 25 million were outstanding against unallotted telephones in nine revenue offices. The department explained that this was essentially a case of time lag in billing and most of the amount stands recovered. Audit was asked to verify the recovery.

700. *Irregular deletion of Telephone dues amounting to Rs. 228.55 million from the closing balance (Para 7.11, pages 33-34-AR-PT&T).*—Audit observed that Rs. 228.55 million were deleted from the closing balance by 4 Regions. The departmental representative explained that the deletion was a normal phenomenon in cases where collection was through the Post Office Department. The deletion was made on the basis of a consolidated cheques. Audit was asked to verify if the deletion had been properly made.

Special Communication Organisation

701. *Non-crediting of Revenue (Para 7.13, page 34—AR-PT&T).*—Audit pointed out that no procedure existed for accountal/reconciliation of the revenue realized by the Special Communication Organisation. The department admitted it and promised to formulate the procedure. While emphasizing that public money could in no case be kept outside public amount, the Committee advised audit to verify the crediting of the revenue in the proper account.

702. *Inventory management (Para 7.14, page 35-AR-PT&T).*—It was observed that gradually increasing store balances tied up huge funds at the disposal of the department in a poorly managed inventory. The departmental representative, explained that for managing an inventory of over eleven thousand items only a computerised inventory management system could be a practical answer. The Committee advised that recurrent wastages and heavily blocked funds necessitate an improved inventory system.

Important Irregularities

703. *Blocking of Funds—Rs. 4.548 million on accounts of excessive purchases against foreign loan-Y 20,263,594 (Equivalent to Rs. 2,138,437) (Para 8.3(a), pages 42-43-AR-PT&T).*—Audit observed that excessive purchases made for a system installed in 1970 were lying unutilised. The Committee observed that this wastage proved its assessment in the precedingpara. The major problem was that personal motives creeps into major deals and such things would continue to happen unless there were proper checks and controls. The departmental representative assured the Committee that a better system based on computerised inventory management was a top priority with the Ministry and a consultant group to advise the department had already been approved by the World Bank.

704. The Committee decided that the rest of the paras of Ministry of Communications for 1985-86 will be considered with the accounts for 1986-87.

KHAN AHMAD GORAYA,
Secretary General.

ISLAMABAD:
The 10th December, 1992.

NATIONAL ASSEMBLY SECRETARIAT

Wednesday, the 31st May, 1989.
Twenty second Sitting (PAC)

705. The Public Accounts Committee assembled at 9.30 A.M. in Committee Room No. 2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1985-86. The following members attended the meeting:—

Public Accounts Committee:

1. Mr. Hakim Ali Zardari, MNA. *Chairman*
2. Dr. Mehboob-ur-Rehman, Minister of State for Food and Agriculture. *Member*
3. Syed Parvez Ali Shah Jillani, Minister of State for Youth Affairs. *Member*
4. Syed Muhammad Aslam, MNA. *Member*
5. Sardar Ashiq Muhammad Khan Mazari, MNA. *Member*

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Joint Secretary.
2. Mr. Arif Mansur, Deputy Secretary. (PAC)
3. Mr. Mulazim Hussain Kazmi, Officer on Special Duty (PAC)

Audit:

1. Mr. Riyaz H. Bokhari, Auditor General of Pakistan.
2. Syed Iftikhar Shabbir, Deputy Auditor-General (GA).
3. Mrs. Suraiya Hafeez, Deputy Auditor-General (CA&E).
4. Mr. A.A. Zaidi, Director General (GA).
5. Sh. Muhammad Sadiq, Accountant General Pakistan Revenue.
6. Mr. Zulqarnain Qureshi, Director-General Audit (Federal Govt.)
7. Mr. Fazlur Rehman, Director General (CA).
8. Mr. S.T. Rehman, Director General, Audit & Accounts Works.

Ministry of Finance and Planning and Development Division:

1. Dr. M.A. Aghai, Director General (Projects Wing), Planning and Development Division.
2. Mr. Hameed Akhtar Niazi, FA (Works and Environment).
3. Mr. Tanwir Ali Agha, DFA (Works and Environment).

706. *Accounts Examined.*—Accounts pertaining to the following Divisions were examined by the Committee during the meeting:—

1. Environment and Urban Affairs Division.
2. Works Division.

ENVIRONMENT AND URBAN AFFAIRS DIVISION

707. The Committee took up for its examination the Appropriation Accounts etc. pertaining to the Environment and Urban Affairs Division. The following departmental representatives were present:—

1. Brig. (Retd) S.A.S. Ainuddin, Additional Secretary (Incharge).
2. Mr. Shahjehan S. Karim, Additional Secretary.

3. Mr. Muhammad Hussain, Deputy Secretary (F&C).
4. Mr. Sarfraz Ahmed Syed, Deputy Secretary.
5. Mr. Sultan Shah, Section Officer (F&B).
6. Mr. Bashir Ahmed, Director General (HS&KAC).
7. Mr. Muhammad Irfan, Managing Director (PEPAC).

708. This Division controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Environment and Urban Affairs Division.	70
2.	Development Expenditure of Environment and Urban Affairs Division.	154

APPROPRIATION ACCOUNTS (CIVIL) (VOL. I—1985-86)

709. *Grant No. 70-Environment and Urban Affairs Division (Page 196-AA).*—No comments were offered by the Committee on the saving of Rs. 113,090.

710. *Grant No. 154—Development Expenditure of Environment and Urban Affairs Division (Page 202-AA).*—Out of a saving of Rs. 3,472,569, an amount of Rs. 3,116,669 was surrendered by the Ministry, leaving a net saving of Rs. 355,900. No comments were offered by the Committee.

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

WORKS DIVISION

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

1. Brig (Retd) S.A.S. Ainuddin, Additional Secretary (Incharge).
2. Mr. A. Rashid K. Baloch, Joint Secretary.
3. Mr. Shafat Ahmed, Deputy Secretary (Admn).
4. Mr. Muhammad Din, Section Officer (F&A).
5. Maj. Gen. Muhammad Aslam, Managing Director. (NCL)
6. Mr. Muhammad Rafique, Chief Engineer (PPWD).
7. Mr. Absar Ahmed Siddiqi, Chief Engineer (PPWD).
8. Mr. Sultan Haider, Chief Engineer (PPWD).
9. Mr. Asif Usman, Director (B&A) (PPWD).
10. Mr. Abdul Rauf Khan, O.S.D. (E).

713. This Division controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Works Division	71
2.	Civil Works	72
3.	Estate Offices	73
4.	Federal Lodges	74
5.	Other Expenditure of Works Division	75
6.	Development Expenditure of Works Division	155
7.	Capital Outlay on Civil Works	182

APPROPRIATION ACCOUTNS (CIVIL) (VOL. I—1985-86)

714. *Grant No. 71—Works Division (Page 197-AA).*—The excess of Rs. 96,862 was recommended for regularisation through Excess Budget Statement.

715. *Grant No. 72—Civil Works (Page 198-AA).*—The grant closed with an excess of Rs. 44,951,663 under other than charged and Rs. 4,591 under charged sections. The explanation that the excess represented advance payments made to State Cement Corporation, was considered totally inadequate by the Committee. It was further observed that the regularisation action pertaining to the excess would be considered after detailed explanation of the concerned officers was made available to the Committee.

716. *Grant No. 73—Estate Offices (Page 199-AA).*—No comments were offered by the Committee on the saving of Rs. 676,002 which had been surrendered by the deparatment.

717. *Grant No. 74—Federal Lodges (Page 200-AA).*—The Committee did not comment on the saving of Rs. 375,360.

718. *Grant No. 75—Other Expenditure of Works Division (Page 201-AA).*—The grant closed with a saving of Rs. 286,842. No comments were made by the Committee.

719. *Grant No. 155—Development Expenditure of Works Division (Page 203-AA).*—The entire saving of Rs. 738,205 had been surrendered by the Department.

720. *Grant No. 182—Capital Outlay on Civil Works (Page 204-AA).*—The grant closed with a net saving of Rs. 86,367,181. The departmental representative explained that the amount pertained to work done on behalf of other departments. These departments insisted that funds be utilised but at times this was not possible due to various reasons. The explanation was not found adequate and the Committee observed that the accounting and planning was not up to the disired standard. The requirement of timely surrender of anticipated savings was emphasized.

General

721. On a complaint made by the Director General, Audit and Accounts Works, the Committee directed that the Works Division should ensure that replies to Audit observations were submitted to Audit well in time, so that a well considered position was available at the time of PAC meetings.

AUDIT REPORT (CIVIL WORKS) (VOL. II—1985-86)

Pakistan Public Works Department

722. *Irregular award of work costing Rs. 1.824 million (Para 6.1, pages 54—55-ARCW).*—Tenders were accepted at a higher rate on the pretext that the contracted work would be completed within two months. The works was, however, completed after 2 years and still the earnest money was not forfeited as provided in the contract. The Principal Accounting Officer acknowledged that the matter called for departmental action but informed that both the officers *i.e.* Chief Engineer and Superintending Engineers responsible for the questionable decision had expired. The Committee directed that disciplinary action be taken against the concerned XEN.

723. *Overpayment of Rs. 810,000 due to unauthorised change in the tender terms (Para 6.2, page 55-ARCW).*—Although the tender was advertised at item rate, it was negotiated into a percentage rate contract which, as per Audit's contention, resulted in a net excess payment of Rs. 810,000. The department explained that changing the scope of work from a two to five story building had resulted in certain contracting complications which were apparently resolved through a percentage rate contract.

724. The Committee, however, viewed this as an unethical business practice which was not fair to other competitors. The Principal Accounting Officer assured the Committee that in future terms advertised in the tender would not be unilaterely changed through negotiations with one party.

725. *Overpayment of Rs. 641,478 to a contractor (Para 6.3, pages 56-57- ARCW).*—In a case in which certain revision terms of contract had resulted in excess payment for carriage of bricks, the Principal Accounting Officer agreed with Audit's contention that there was no justification for allowing carriage cost of bricks from Kot Adu to Kohlu, while the contract catered for payment from the nearest source *i.e.* D.G. Khan. He informed that necessary action for recovery had been initiated and promised that disciplinary proceedings against the persons concerned would be undertaken.

726. *Overpayments to contractors Rs. 0.35 million (Para 6.4.2, pages 57-58-ARCW).*—According to Audit an overpayment of Rs. 0.35 million resulted from basing the calculation on an incorrect measurement unit. While court action for recovery was under progress, disciplinary action against the responsible official was also at hand. It was directed that the department may report back on result of disciplinary action within two months.

727. *Non-recovery of advances from contractors Rs. 3.2 million (Para 6.6.1, page 65-ARCW).*—Audit observed that against a recoverable amount of Rs. 4.9 million, Rs. 1.7 million had been recovered till 1984. The Department reported that the recovery had gone upto Rs. 2.1 million. The Committee hoped that the remaining amount would also be recovered soon.

728. *Non-recovery of risk and cost charges Rs. 0.66 million (Para 6.8.1, page 66-ARCW).*—In a case in which Rs. 661,493 were recoverable from a contractor on various accounts, it was directed that disciplinary action on the supervisory lapse be taken.

729. *Too much delay in enforcing recovery Rs. 77,352 (Para 6.8.2, page 67-ARCW).*—Audit reported abnormal delay in enforcing recovery in a case where work was done at risk and cost of a defaulting contractor. On being informed that the only action feasible was blacklisting the contractor, which had been done, the para was dropped by the Committee.

730. *Non-recovery of Rs. 46,440 (Para 6.8.3, page 67-ARCW).*—In a similar case where amount of risk and cost was pending against the original contractor, the Committee considered it pointless to press the matter any further and dropped the para.

731. *Loss of Rs. 231,525 due to set cement (Para 6.11. page 70-ARCW).*—In a case in which cement valuing Rs. 231,525 was lost due to mishandling, the department was asked to provide a copy of the inquiry report to Audit and in future no such documents should be refused.

732. *Expenditure incurred on works in anticipation of technical sanction (Para 6.18, page 73-ARCW).*—Audit observed that during 1985-86, 1170 works costing Rs. 691 million were undertaken without technical sanction. It was explained that while these were mostly smaller works undertaken in urgency, instructions have been issued that in future no work would be taken up without proper technical sanction.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL. VIII—1985-86)

National Construction Limited

733. *Audit comments on NCCL (Paras 221—223, pages 207-208-ARPSE).*—Commenting on the accounts of the NCCL, Audit observed that the accumulated losses of the Company which stood at Rs. 15.7 million on 30-6-1985, had gone upto Rs. 52 million on 30-6-1987 and the subsidy of Rs. 30 million given by the Government had been entirely wiped out. It was explained that the company had lost a lot of money in prestigious projects like the Faisal Mosque and Noori Bagh. Now as a matter of

policy, only profitable projects were begin picked up. The Company was advised to come up with an imporved performance reduce overheads to become competitive and to show profit.

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

735. The Commitee thereafter, adjourned *sine-die*

KHAN AHMAD GORAYA,
Secretary General.

ISLAMABAD:
The 10th December, 1992.

PCPPI—544(93) NA—9-8-94—1300 Books.