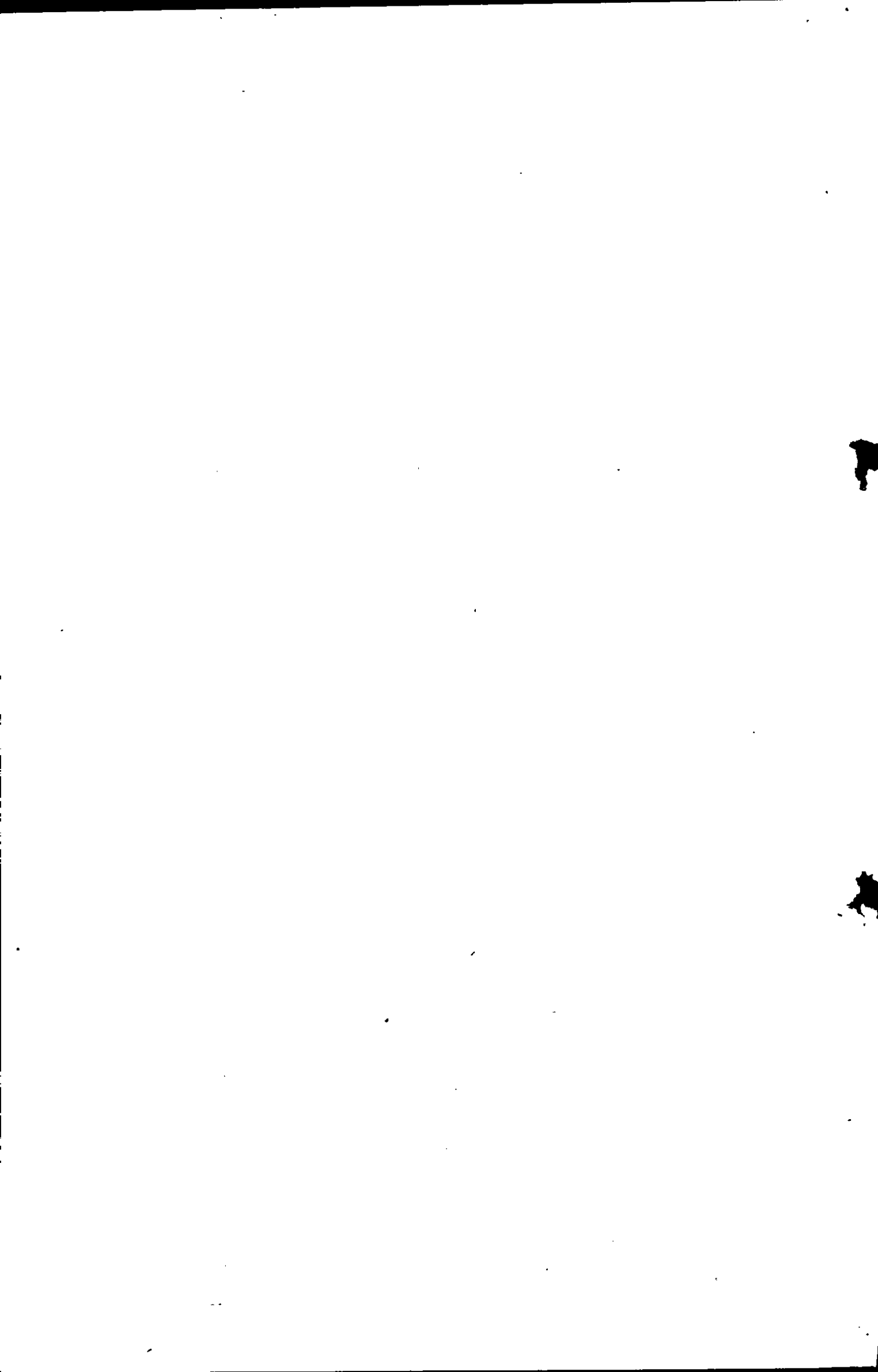


GOVERNMENT OF WEST PAKISTAN
FINANCE DEPARTMENT



MEMORANDUM
FOR THE
COUNCIL OF MINISTERS



**MEMORANDUM FOR THE COUNCIL OF
MINISTERS**

Subject—BUDGET PROPOSALS FOR 1963-64.

Minister-in-Charge—MR. ABDUL WAHEED KHAN,
(FINANCE MINISTER).

Secretary-in-Charge—MR. ALTAF GAUHAR, S. Q. A., T. PK.
C. S. P., SECRETARY TO GOVERNMENT,
WEST PAKISTAN, FINANCE DEPARTMENT.

At the time of Integration the Provincial Government started with fluid assets of 30 crores including stocks of food-grains and Securities of 19 crores and cash balance of about 11 crores.

Cumulative
effect of
transactions
since Inte-
gration

2. The financial transactions of the Province up to the end of the preceding financial year, 1961-62, according to the figures furnished by the Audit Officers are summarised below —

		<i>(Rs. in crores)</i>
(1) Revenue receipts	..	496
(2) Revenue expenditure	..	-445
		<hr/>
Surplus of Revenue Account	..	51
(3) Capital expenditure excluding State Trading transactions.	..	-210
(4) State Trading	..	-13
(5) Public Debt	..	199
(6) Loans and advances by Provincial Government.	..	-63
(7) Unfunded debt	..	7
(8) Deposits and advances	..	35
(9) Suspense	..	-24
(10) Remittances	..	7
		<hr/>
Total	..	-11
		<hr/>

3. The cash balance declined by about 11 crores as a result of these transactions between October 1955 and June 1962.

4. The current financial year opened with a credit balance of 40 lakhs. In addition the Provincial Government held net stocks of foodgrains worth 10.80 crores and securities of the face value of 10.51 crores. The food stocks were, however, encumbered by advances amounting to 15 crores obtained from the scheduled banks. Against the securities the Province had obtained ways and means advances from the State Bank of Pakistan of 8.12 crores. The net fluid liabilities of the Province as on the 1st July 1962, were 1.41 crores as shown in the table below:—

		<i>(Rs. in crores)</i>
(i) Foodgrains stock in hand	..	10.87
Deduct—Outstanding liabilities	..	00.07
		<hr/>
Net Food Stocks	..	10.80
		<hr/>
(ii) Securities	..	10.51
(iii) Cash balance	..	00.40
		<hr/>
Total	..	21.71
		<hr/>

Against 21.71 crores the following advances were outstanding:—

		(Rs. in crores)
(i)	Advances from Scheduled Banks ..	15.00
(ii)	Ways and Means advance from the State Bank of Pakistan ..	8.12
		23.12
Total ..		23.12
Net Fluid liabilities (23.12—21.71) ..		1.41

Ways and Means position.

5. In the Memorandum submitted to the Advisory Council containing budget proposals for the current financial year it was pointed out that the ways and means position of the Province required to be carefully watched considering the limited margin of cash balance and fluid assets. The ways and means graph has been kept under constant supervision. The position can be seen at a glance at annexure I. During July 1962 the Province was carrying food advances of the order of 15 crores and ways and means advances varying between 8 to 10 crores. The net balance touched the lowest point during the month of July at —3.34 crores.

Improvement in Ways and Means.

6. The net balance position showed considerable improvement from August 1962 but it was not until October 1962 that the ways and means advance was wiped out. The food advance continued between 13 to 15 crores. The position improved as a result of careful husbanding of resources and from the second half of December 1962 till the end of April 1963 the Province did not draw any ways and means advance. Loans from the scheduled banks against food stocks were liquidated towards the middle of February 1963 and since then the Province has not resorted to borrowings from the scheduled banks till today.

Effect of Railway Fund Accounts on Ways and Means.

7. In order to appreciate the full significance of this improvement in the ways and means position it is necessary to examine the position of the Railway fund which is summarised at annexure II. Except for a brief spell from November to the third week of January and then again towards the middle of March when the Railway fund had a credit balance around 50 lakhs the Province has had to bear the strain of constant heavy debit balance in the Railway fund which touched a figure of 5.33 crores in July 1962 and is now around 3 crores. The reasons for a large debit balance in the railway fund are being separately examined. It appears that these debits have occurred as a result of inadequate accounting procedure prescribed by the Central Government. The Council will be glad to know that the Province absorbed the shock of the large railway debits and maintained a satisfactory ways and means trend throughout the year after August 1962. The period from December to the end of April during which no ways and means advances were taken and from the middle of February to the end of April during which there was neither any advance against food stock nor any ways and means advance is, perhaps, the longest spell of its kind since Integration.

Improvement in procedures.

8. Some of the causes due to which the ways and means position of the Province is subjected to unnecessary strain have been identified and procedures are being evolved in consultation with the Central Government to minimise the effect of such strain. Simultaneously action is being taken to devise a satisfactory accounting procedure in respect of transactions in the Railway fund.

It is hoped that during the next year it should be possible to achieve a more satisfactory ways and means position though it will require constant vigilance and supervision.

9. In the beginning of the current financial year there was considerable delay in making releases of funds to Development Agencies. The delay was mainly due to the inability of the Central Government to issue authorisations in favour of the Province to enable it to draw the instalments of financial assistance provided in the Central Budget. The proportion of cash assistance and U. S. Rupee releases was also revised by the Central Government to the disadvantage of the Province in an arbitrary manner. The matter was taken up at the Governors' Conference which decided to appoint a Committee of the Central Finance Secretary and the Finance Secretaries of the two Provinces to maintain a watch on the resource position and the progress of releases. This Committee was able to resolve some of the difficulties as a result of which the Province has kept the various Development Agencies and major spending departments of the Government in funds. For the next year a more scientific procedure of releases by the Centre to the Province has been evolved and it is hoped that complaints of Development Agencies regarding delay in release of funds to them will be completely eliminated.

Release of
Funds.

10. The cumulative figures shown in paragraph 1 above reveal a satisfactory state of affairs. The Provincial surplus on Revenue Account has increased from 33 crores to 51 crores. The Public Debt of the Province has no doubt gone up to 199 crores since Integration but this is more than counter-balanced by direct Capital investment aggregating to 210 crores. In addition the Provincial Government has made loans and advances to WAPDA and other Development Agencies amounting to 63 Crores.

Financial
position of
the Provin-
cial Gov-
ernment.

11. The total permanent debt liabilities of the Provincial Government as on 30th June 1961 amounted to 264 crores. As a result of the recommendations of the Finance Commission the debt was written down and the position on 30th June 1963 is likely to be that the total debt liabilities of the Province will be approximately 208 crores. A detailed statement showing the Public Debt liabilities of the Province is enclosed at Annexure III.

Permanent
Debt Lia-
bilities.

12. The maintenance of accounts for the Provincial Government continues to be unsatisfactory. An amount of 24 crores is still lying under the head "Suspense" which is required to be cleared by the Audit. The Auditor-General has prepared a scheme for bringing about certain improvements in the accounts organisation and procedures which is under the consideration of the Central Government. The Province has in the meantime placed the Treasury Service under the direct control of the Finance Department. Rules of recruitment for this Service were finalised in 1962. Recruitment to non-gazetted cadres has been completed. The gazetted service is being quickly manned and it is hoped that the position of Treasury Accounts will improve

Accountin
Procedure.

considerably during the course of next year. A scheme of departmentalisation of accounts in the Forest Department has been introduced as a pilot project. Two officers of the Audit Department have been placed on deputation with the Forest Department. One of these officers will be responsible for internal audit of the Forest Department accounts and the other for the maintenance of departmental accounts and preparation of the budget. It is hoped that this experiment will be extended to other departments in due course.

Difficulties
regarding
re-appropri-
ation of
Funds.

13. During the course of the year it was found that the procedure of re-appropriation of funds in force since Independence had to be adopted to the provisions of the new Constitution. This necessitated the preparation and submission of a Supplementary Budget to the Assembly in March 1963. The presentation of expenditure incurred under the Contingency Item for the vote of the Legislature was appreciated by the Legislature. It is proposed that during the next financial year in addition to the Constitutional provision of 10% of the Revenue Budget a *pro forma* arrangement under the Contingency Item will be made to authorise excess expenditure against savings subject to the subsequent submission of all items of expenditure to the Legislature through a Supplementary Budget. Operations on the *pro forma* part of the Contingency Item will be in accordance with the procedure for re-appropriations laid down in Chapter 14 of the Budget Manual. This proposal has been discussed with the financial experts in the Central Government and they have endorsed the idea.

Interim
Relief and
Revision of
Pay Scales.

14. Government decided to allow interim relief of 10 per cent of basic pay to its employees drawing salary up to Rs. 600 per month with effect from 1st July 1962. It was subsequently decided that the pay scales of all non-gazetted staff including non-gazetted employees of the Pakistan Western Railways should be revised so as to afford them a minimum of 10 per cent increase on consolidated pay (basic pay plus dearness allowance). A special Pay Revision Cell was set up in the Finance Department and the Council will be pleased to know that the pay scales of all non-gazetted employees of the Government and non-gazetted employees of the Pakistan Western Railways have since been revised and announced. The Pay Revision Rules have also been issued and detailed schedules of pay scales are being issued. It is hoped that all the schedules will be issued by the time the Budget goes to the Assembly. The revised pay scales have been generally welcomed as fair and liberal. Along with the revision of pay scales the Finance Department has been able to integrate the pay scales of employees who came from different integrating units.

15. The net effect of the increased pay scales (which have been enforced from 1st December, 1962) the Provincial Exchequer will be of the order of 6.10 crores during the next financial year.

16. The interim relief allowed to gazetted government servants drawing pay up to Rs. 600 per month will continue to be paid pending final decision on the question of revision of pay scales of gazetted officers.

REVISED ESTIMATES FOR THE CURRENT FINANCIAL YEAR, 1962-63

17. The Budget Estimates for the current financial year placed the total receipts of the Provincial Government at 116 crores and the total revenue expenditure at about 109 crores, leaving a surplus of about 7 crores. According to the Revised Estimates, the Revenue Receipts will aggregate to about 136 crores and the Revenue expenditure to 114 crores. The surplus would thus increase from 7 crores to 22 crores. The increase in revenue receipts is due mainly to the fact that foreign grants from the Central Government originally estimated at 4.27 crores have been revised to 18.87 crores. The rest of the increase is due mainly to improvement in Irrigation Receipts from 16.23 crores to 20.06 crores and Central Refunds from 35 crores to 36 crores.

Revenue
Account.

18. It will be observed that firm control has been maintained on expenditure. The revised estimates show an increase of 5 crores in expenditure. This increase is due mainly to the expenditure which the Provincial Government had to incur initially on Central institutions transferred to the Province during the course of the year and the Interim Relief allowed to government employees. Apart from these two factors, the expenditure position has remained satisfactory and tendencies to overspend have been kept under check.

19. On the Capital Account, excluding State Trading transactions, expenditure is due almost entirely to the implementation of the Development Programme. The current year's Annual Development Programme provided for an expenditure of 156.8 crores. According to the Revised Estimates, the development expenditure during the current financial year will be Rs. 142.30 crores. The actual expenditure is likely to be still lower. It may be safe to assume that the shortfall will be approximately 10 per cent.

Development
Expenditure.

20. A detailed statement showing the results of the State Trading Transactions is placed at Annexure IV. The figure of gross expenditure on State Trading was originally estimated at 67.90 crores. The revised estimates of gross expenditure are 59.60 crores. The decrease is due mainly to less purchases of wheat—indigenous as well as imported. The original estimate of recoveries was 68.09 crores and the revised estimates are 65.44 Crores. The anticipated position regarding State Trading Transactions for the next financial year may be seen at Annexure V. gross expenditure is estimated at 61.08 Crores and gross recoveries at 63.30 Crores.

State Trad-
ing Transac-
tions.

BUDGET ESTIMATES FOR THE NEXT FINAN- CIAL YEAR

21. An attempt has been made to prepare the Budget Estimates for the next financial year in as accurate and detailed a manner as possible. The Departments were

informed early last year that in view of the constitutional difficulties regarding re-appropriations of funds, it was important that they should prepare their estimates of expenditure precisely and correctly. Any schemes which were not likely to get going during the course of the next year should not be included in the programme to avoid possibility of any locking up funds.

Annual
Development
Programme.

22. The Annual Development Programme has been subjected to a searching examination by the Planning and Development Department in collaboration with the Finance Department. Each scheme included in the Development Programme and the details of expenditure have been examined in a series of meetings with departmental heads. The Programme was also made available to the Divisional Commissioners and the Planning Commission. It is hoped that the final programme will be fully reflective of the genuine needs of different regions. The main difficulty in the preparation of the Development Programme has been the absence of a firm indication of funds likely to be made available by the Central Government. Even today the figures of loans and grants likely to be received from the Centre by the Province during the next year are not firm.

Central
Assistance.

23. The first edition of the Annual Development Programme added upto a total outlay of 310 crores. This programme was subsequently scrutinised in consultation with the Planning Commission and scaled down to 184 crores. In addition to the schemes included in the revised programme for the next year there is a separate list of schemes amounting to 1.81 crores which were held over for lack of funds. Since the finalisation of the second edition of the Annual Development Programme more schemes have been approved by the Provincial Development Working Party. The total of these schemes comes to approximately 4.5 crores. The amount required for approved development schemes for the next financial year thus add upto 190.31 crores 191 crores. The Ministry of Finance, Government of Pakistan, have indicated that the size of the programme should be reduced to approximately 171 crores.

24. The likely availability of assistance from the Central Government is provisionally estimated at 135 crores. The province is unable to find the remaining amount of money from its own resources which are severely limited. It is necessary, therefore, to press the Central Government to raise their contribution to enable us to implement the proposed Programme for the next financial year.

25. An attempt has been made in the following paragraphs to calculate the amount which the Province may be able to contribute from its own resources. These calculations are, however, provisional and are intended only to indicate the nature of the problem with which we are faced. A brief review of the budget provisions for the current year would be helpful.

(1)—REVENUE ACCOUNT (1962-63).

26. There is a total provision of 115.9 crores on the receipt side and 108.7 crores on the expenditure side. The Revenue Account should a surplus of 7.2 crores. The

expenditure on Revenue Account consists of the following three main items:—

	<i>(Rs. in crores)</i>
(i) Development expenditure and other revenue expenditure on beneficent departments and civil works. ..	59·50
(ii) Expenditure on General Civil Administration and other miscellaneous activities. ..	32·60
(iii) Debt Servicing ..	16·60
Total ..	<u>108·70</u>

27. Our total expenditure from Revenue Account for development purposes during the current year will be 20·49 crores. Net contribution from the Revenue Account for Development works out to 20·49 plus 7·2 crores-27·69 crores.

(2)—CAPITAL ACCOUNT

28. The receipts on Capital Account add up to 157·6 Crores. These figures are shown against the following items:—

	<i>(Rs. in crores)</i>
(i) Surplus on Revenue Account ..	7·2
(ii) Permanent Debt (Net) ..	1·3
(iii) Loans from the Central Government ..	98·9
(iv) Grants from and investment by the Central Government ..	14·1
(v) Other resources of Provincial Government including accumulations under Deposit Heads ..	33·9
(vi) Cash Balance Utilisation ..	2·2
Total ..	<u>157·6</u>

29. As against this, there is a provision of 157·6 crores on the expenditure side which includes the following items:—

	<i>(Rs. in crores)</i>
(i) Direct Capital investment by Government ..	72·1
(ii) Loans/Advances by Provincial Government to WAPDA, and other developmental loans ..	8·9
(iii) Loan to Railway Depreciation Fund ..	62·1
(iv) Non-development Expenditure on Capital Account ..	·5
(v) Contingency Item ...	10·0
(vi) Repayment of Central Government Loans ...	4·0
Total ..	<u>157·6</u>

30. The amount of 2.2 crores on the receipt side shown as "Cash Balance Utilisation" should also be regarded as a contribution by the Provincial Government to Development Expenditure.

31. The amount contributed by the Provincial Government from its resources towards development in the Province thus works out to 29.89 crores :—

	<i>(Rs. in crores)</i>
(i) Revenue Account	.. 27.69
(ii) Cash Balance Utilisation	.. 2.2
Total	.. <u>29.89</u>

Provincial
Government's
Contribution.

32. As has been shown above, the amount contributed by the Provincial Government to the Development Programme during the current year works out to 29.89 crores. The Provincial Government's ability to maintain this figure for the next year has been affected by the following factors:—

- (a) An amount of 6.10 crores is expected to be incurred by the Provincial Government to meet the additional liability as a result of revision of pay scales on the basis of 10 per cent increase in consolidated pay
- (b) Normal increase in Revenue expenditure as a result of grant of increments, promotions, etc., 1.25 crores.
- (c) As a result of the promulgation of the new Constitution a large sector of responsibility has been transferred to the Province. New jobs had to be created in order to enable the Provincial Government to cope with the increased responsibilities. An additional expenditure of approximately Rs. 35 lakhs (as distinct from expenditure on Central Institutions transferred to the Province) will have to be provided.
- (d) In view of the increase in the Development Programme from the current year's figure Rs.190.31 crores we have to provide corresponding increase in all departments in Non-development Sector for establishment which would be required to handle the development schemes. The total expenditure on this account is expected to be approximately 4.00 crores.

33. The total burden on Revenue receipts in addition to the current year's burden would thus be 11.70 crores. The Province can thus contribute approximately (29.89 minus 11.70) 18.19 crores for Development during the next year.

Borrowings

34. As in the current year there is no programme to borrow from the market during the next year and all that the Provincial Government will do is to repay the 3½% Punjab Loan for 3.92 crores maturing on 27th November

1963 by floating a new loan of approximately the same amount.

35. The total availability thus works out to 153·19 Crores (135+18·19). There is thus a gap of 38·12 crores (190·31 crores minus 153·19 crores). If the Programme is reduced to 171·00 crores the gap will be of the order of 17·81 crores.

Estimate of Financial availability,

36. The Central Government have informally indicated that we may provide for an amount of 10 crores for works programme under development expenditure. Assuming that the minimum amount which the Economic Council will approve for our Development Programme for the next financial year will not be below 171 crores, we will have a Development Programme of the size of 181 crores including 10 crores for works programme. There is, however a possibility that the size of the works programme may be reduced to 6 crores.

Works Programme

37. The proposed development programme of approximately 181 crores broadly conforms to the sectoral pattern and objectives laid down in the 2nd Five Year Plan. The table below indicates the total Plan allocation for various sectors, revised expenditure during the first three years of the Plan and the Development Programme projected for the next financial year:—

Annual Development Programme 1963-64 in relation to the 2nd Five Year Plan.

(Figures in crores)

Sector	Total Plan provision for five years	Revised	Revised	Revised	Develop-
		Estimates, 1960-61	Estimates, 1961-62	Estimates, 1962-63	ment Programme 1963-64
	Rs.	Rs.	Rs.	Rs.	Rs.
Agriculture and V-Aid ..	105·67	11·1	11·44	15·05	23·80
Water and Power ..	226·01	42·7	52·63	60·17	71·89
Industries ..	14·20	0·4	1·27	8·93	11·97
Transport and Communications	25·00	4·4	5·12	33·87	39·68
Housing and Settlement ..	40·94	2·4	2·39	9·86	14·45
Education and Training ..	40·05	4·0	5·97	10·99	13·57
Health ..	14·39	2·0	3·39	3·23	4·81
Manpower and Social Welfare ..	3·71	0·65	0·10	0·21	1·25
Total ..	469·97	67·05	82·31	142·31	181·42

38. It will be observed from the above table that substantial increases have been allowed in Education and Training, Transport and Communications, Water & Power, Agriculture, Industries and Health. The region wise picture of allocations is summarised below:—

39. Particular care has been taken to provide higher allocation in the proposed development programme for relatively backward regions. Briefly the position of allocations is as follows:—

Regional allocation in the Development Programme.

Provincial Schemes—Provision for 1963-64 is 83·97 crores as against the current year's provision of 74·16 crores. (percentage increase 13)

Punjab Region—The amount provided for 1963-64 is 37.66 crores the provision in the current year was 33.68 crores. (percentage increase 11).

Peshawar Region—The amount provided for 1963-64 8.27 crores as against current year's provision of 4.66 crores (percentage increase 77).

Sind Region—Provision for 1963-64 is 33.52 crores as against the current year's provision of 25.83 crores. (percentage increase 29).

Karachi Region—Provision for 1963-64 is 12.39 crores as against the current year's provision of 11.52 crores. (percentage increase 7).

Bahawalpur Region—Provision for 1963-64 is 3.16 crores as against the current year's provision of 0.65 crores. (percentage increase 386).

Baluchistan Region—Provision for 1963-64 is 6.24 crores as against 5.59 crores for the current year. (percentage increase 11).

Frontier Region—Provision for 1963-64 is 2.23 crores as against the current year's provision of 1.62 crores. (percentage increase 37).

These figures are tentative and liable to be varied in the light of firm estimates of resources.

40. The total expenditure for the first three years of the Plan amounts to 291.67 crores as against the total Plan provision of 469.97 crores. A difficult position has been created in the Water and Power sector where expenditure during the first 3 years adds to 155.50 crores as against the Plan allocation of 226.01 crores leaving a balance of 70.51 crores only. The increase in expenditure is due largely to higher cost of materials and services and if the physical targets indicated in the Plan have to be achieved the Plan provision will have to be adequately revised to reflect the increased cost.

41. The Central Finance Ministry has indicated that for the remaining two years of the Plan we should so arrange our expenditure as to provide for 45% of the balance available in each sector during the 4th year of the Plan and the remaining 55% in the last year of the Plan. If this formula were to be rigidly followed the Water and Power Sector would receive an amount of Rs. 31.70 crores in the next year as against the revised expenditure for the current year of 60.17 crores. This would mean that WAPDA will have to cut down its current programme to half its size a situation which cannot be possibly conceived.

42. It is necessary therefore, to seek relaxation in certain sectors from the Central Government in the application of the formula of 45% expenditure in the fourth year of the Plan and 55% expenditure in the last year of the Plan out of the balance of plan allocations available to the Province.

43. The following specific points in connection with the proposed Annual Development Programme are submitted to the Council for consideration :—

- (i) *Strategic and non-strategic roads in the Frontier Regions*—A provision of Rs. 1.20 crores has been made in the proposed Budget for maintenance of strategic and non-strategic roads. The Central Government have indicated that they will be providing an amount of Rs. 72 lakhs for these roads. The Provincial Government will thus have to find an amount of Rs. 48 lakhs from its own resources. The Central Government has not yet decided whether the amount of Rs. 72 lakhs will be passed by them through the Provincial Government or will be transferred directly to the Inspector-General, Frontier Corps. It would be advisable that the amount should be received first by the Provincial Government as subvention and then utilised for the maintenance of roads in the Frontier Regions. In case the Central Government insist on transferring the amount of Rs. 72 lakhs direct to the Inspector-General, Frontier Corps the Provincial Budget will show a provision of Rs. 48 lakhs.
- (ii) An amount of Rs. 3.3 crores has been provided as subsidy for distribution of fertiliser. The element of subsidy will not exceed the current level of 25%. The Committee appointed by the Governor to go into the question of transfer of distribution of fertiliser to the private sector has finalised its recommendations. It is expected that the P.I.D.C. will be in a position to take necessary preliminary steps to appoint its own agents and stockists down to the Mandi level for distribution of fertiliser with immediate effect. The Co-operatives will continue to have the facility of buying fertiliser direct from the factory as an agent of the P.I.D.C. and distributing it in areas where they have adequate storage and distribution arrangements. The A. D. C. will have the exclusive responsibility for distribution of fertiliser in project areas. The cost of production of the P. I. D. C. is under examination but they have been given a general direction by the Committee that they should work out their figures on the basis of 85% level of production and a 25% subsidy from the Government, subject to the condition

that the end price to the farmer should not work out to a figure above the current rate of Rs. 11 per bag. The P.I.D.C. have indicated that they will be able to do this exercise and will also ensure that monopoly in distribution is not created and there is a fair element of competition available to trade. It is important that distribution in the private sector should be entrusted to Pakistani National Concerns.

As regards imported fertiliser it is for consideration whether the P.I.D.C. should be authorised to import the fertiliser or its import should be left to Trade. Since we are not anticipating any import of fertiliser during the next financial year, the question is largely academic at present.

(iii) The W.P.I.D.C. had put in a substantial demand for inclusion of development schemes under the Small Industries Corporation. A working party was set up to examine the organisational set up of the Small Industries Corporation and the usefulness of the schemes so far implemented by the Corporation. The Working Party took advantage of the Stanford Report which was prepared towards the end of 1962. In the light of the recommendations made by the Working Party the following modifications have been made in the provision for schemes relating to the Small Industries Corporation:—

Small Industries Corporation Schemes	Amount	Amount
	demande	provided
	Rs.	Rs.
(1) Grant-in-aid to Small Industries Corporation Headquarter Establishment.	15.00	10.00
(2) Service Centre Leather Footwear	1.68	Excluded.
(3) Common Facility Centre (Leather Footwear)	2.81	Do.
(4) Service and Common Facility Centre (Brass and Copper)	2.47	Do.
(5) Services and Common Facility Centre (Packaging and Packing)	5.27	Do.
(6) Services and Common Facility Centre (Dolls and Toys)	4.08	Do.
(7) Artisan's Workshop .. .. .	.33	.19
(8) Service Centre Light Engineering .. .. .	.99	Excluded.
(9) Service Centre Textile	2.69	2.50
(10) Common Facility Centre Textile	7.74	7.50

The schemes which have been excluded have been certified by the Working Party as of little advantage to artisans and craftsmen and none of the schemes has in fact taken a proper start so far. Certain Design Centres under the Small Industries Corporation were eliminated during the A.D.P. discussion as these were considered to be of little utility. It is necessary that a further examination of the schemes under the Small Industries Corporation should be made during the course of next year so that this organisation can be placed on a sound footing

(iv) In view of the insistence of the Central Government that we should reduce the size of our development programme the following further cuts have been made. These cuts will not interfere with the implementation of the physical targets in different sectors:—

	Original	Revised	Cut
	Rs.	Rs.	Rs.
<i>Water and Power</i>			
(1) General Investigation	4,75.40	4,25.40	—50.00
<i>Agriculture</i>			
(1) Merger of Extension Services and Plant Protection Services in West Pakistan.	89.89	69.89	—20.00
(2) Purchase of 150 Bull-dozers and 150 tractors and servicing facilities.	1,49.31	49.31	—100.00
<i>Animal Husbandry</i>			
(1) Karachi Milk Supply Scheme	23.28	10.63	—12.65
<i>Colonization and Land Reforms</i>			
(1) Scheme for the consolidation of holdings in 22 Districts of West Pakistan.	70.00	55.00	—15.00
(2) Scheme for development of Kabuli lands in G. M. Barrage	1,50.00	75.00	—75.00
(3) Scheme for development of Kabuli and Nakabuli lands in Guddu Barrage.	1,75.00	1,00.00	—75.00
<i>Housing and Settlement</i>			
(1) Karachi Water Supply and Sewerage Scheme	80.00	50.00	—30.00
(2) Greater Karachi Resettlement Scheme	4,00.00	3,50.00	—50.00
<i>Communication</i>			
(1) Restoration of Flood Damages	50.00	..	—50.00
(2) G. M. Barrage Roads	1,25.00	1,00.00	—25.00

44. As regards Non-development Expenditure, the expenditure on continuing activities has been shown in Annexure VI and the proposals of the various Departments in respect of new expenditure have been summarised in Annexure VII. The expenditure on continuing activities amounts to 98.3 crores and the total cost of new proposals works out to 5.92 crores.

Non-Developmental Expenditure.

45. The total of continuing activities as admitted in the current year's Budget was 79.63 crores and the total of new items admitted in the current year's Budget was 4.24 crores. The whole amount against these two items has now become part of continuing activities.

46. The figure for continuing activities has arisen from 83.87 crores to 98.29 crores as a result of the approval of the Legislature given to the items contained in the Supplementary Budget which amounted to 9.78 crores. The remaining amount of 4.64 crores is accounted for by the revision of pay scales and accrual of increments, etc. The entire continuing budget was scrutinised in great detail and a number of items which were considered to be of low utility were eliminated.

47. The proposed expenditure on new items is substantial. This is, however, inevitable in view of the larger

provision made in the Development Programme which has to be matched by provision of adequate establishment on the non-development side.

Economy
Committee.

48. The Governor set up an Economy Committee under the chairmanship of the Minister for Co-operation and Labour. Additional Chief Secretary, S. & G. A. D., and Additional Finance Secretary, (Expenditure) were Members of the Committee. The Report of the Committee, which is in two parts, is at Annexure VIII. The Economy Committee carried out an intensive examination of the staff position in different Departments during a limited time. The recommendations made by the Committee have been agreed to by the Departments concerned. The S. & G. A. D. have certain reservations about two points :—

(i) Regarding the delegation of financial powers to Administrative Departments ; and

(ii) Regarding the posts of Section Officers (General).

49. The delegation of powers has been an extremely useful step and even though there may have been cases of misuse of delegated powers, it is important that we should not consider any curtailment of these powers. Indeed, it should be our aim to strengthen the Departments further and give them more and more powers as they acquire experience. It is, therefore, suggested that the delegation of powers as at present may not be disturbed.

50. It is also suggested that the posts of Section Officers (General) may be allowed to continue for the present, as these officers are considered by the Services & General Administration Department to be performing useful functions.

51. The rest of the recommendations made by the Committee are submitted to the Council for approval.

52. Two recommendations of the Committee, which account for the bulk of the saving relate to Travelling Allowance and expenditure under Contingencies. The Committee has suggested that a 5% cut should be imposed on Travelling Allowance allotments made to different Departments and a 10% cut should be imposed on the provision for Contingencies. In order to ensure that these cuts become effective, it is necessary that certain steps should be taken to curtail expenditure on travelling allowance and use of Government vehicles. The Travelling Allowance Rules permit an officer to travel by car from Karachi to Peshawar and charge road mileage. This obviously was not the intention and it was expected that officers will not convert an enabling provision into a source of profit. Since there has been misuse of this facility, certain modifications and a reduction in rates have been suggested in Annexure IX and the Council is requested to approve the proposed arrangements.

53. Regarding expenditure under Contingencies, it is requested that a suitable directive from the Council may be given to all Controlling Officers, and they should be made personally responsible to ensure that the expenditure during the year does not exceed the budgeted amount.

54. The recommendations of the Economy Committee will be reflected in the final Budget after these have been approved by the Council.

55. The following three points under Non-Development Expenditure are submitted to the Council of Ministers for decision :—

- (i) The Irrigation Secretary has suggested that an amount of 6.50 crores should be provided in the next year's Budget under the head "17—Irrigation—Working Expenditure—Maintenance and Repairs". He has emphasised that the old irrigation system of West Pakistan needs efficient maintenance. The amount of Rs. 4.74 crores provided in the current year's Budget was found to be inadequate. We have repeated the current year's provision in the next year's Budget.
- (ii) The Inspector-General of Police has suggested that the post of A. I. G. Welfare which was eliminated in final scrutiny during the Budget meeting should be restored. The Finance Department is not convinced of the utility of this post and has suggested that whatever welfare work is required to be performed can be handled by the Director of Sports. The post of A. I. G. Welfare is an *ex-cadre* post and previously there used to be a D. S. P. doing welfare work. Now that a Director of Sports is available to the Police Department there should be no need for the separate post of A. I. G. Welfare.
- (iii) The Inspector-General of Police has asked for provision of one flannel shirt and one serge slack each for upper subordinates and lower subordinates in 14 districts and for the Tele-Communication staff of Northern Zone and Railway Police of Lahore Zone at an initial cost of Rs. 9.06 lakhs and an annual recurring cost of Rs. 1.96 lakhs. The question of provision of uniforms to Police personnel was examined in great detail by a special committee and the present rate of uniforms was sanctioned on the basis of the recommendations of that Committee. It is requested that no modifications in the present provisions relating to uniforms may be made.
- (iv) The Agricultural University asked for a maintenance grant of Rs. 40,84,100 for the current year. The grant was divided into two parts on the basis of the expenditure of Rs. 37,20,230 incurred on the Agricultural College, Lyallpur, during 1961-62. A sum of Rs. 26,04,320 relating to Research was transferred to the Agriculture Department and an amount of Rs. 11,15,910 plus an additional amount of Rs. 84,090 to cover

expenditure on Leave, Pension and Provident Fund Contribution i.e. Rs. 12 Lakhs in all) was approved as grant to the Agricultural University for the year 1962-63.

The University has asked for a maintenance grant of Rs. 40,74,300 for 1963-64. The proposal was examined in the Finance Department. It was felt that funds need not be provided for two sets of Research Farms—one with the Agriculture Department and the other with the Agricultural University. Therefore, the continuance of the existing grant of Rs. 12 Lakhs plus receipts on account of fees, etc, was approved for the year 1963-64. The Agricultural University are pressing for increase in this amount.

Revenue
Receipts.

56. The original estimate of Revenue Receipts for the current financial year was 1,15.93 crores. The Revised Estimates are 1,36.04 crores. The increase is, as stated earlier, mainly due to larger receipts under Central Refunds and increased allocations of Central Grants. In the next financial year the Revenue Receipts are estimated at 1,22.88 crores. vide Annexure VI The proposed Revenue Receipts will increase as soon as we know the amount of grants likely to be received from the Central Government.

Foreign
Exchange.

57. The Central Government have not yet indicated the foreign exchange allocations for the next year. The foreign exchange budget has been compiled and scrutinised in collaboration with the representatives of the Central Government. The budget will come up for consideration before the Exchange Control Committee on the 21st May, 1963. A copy of the foreign exchange budget is placed at Annexure X.

61. Briefly, the foreign exchange demands are as follows—

(Rupees in Crores)			
(a) Pakistan's Own Resources	Imports ...	15.81	} 19.40
	Invisibles	3.59	
(b) Commodity Aid	Imports ...	32.74	} 33.16
	Invisibles	0.42	
(c) Project Aid ...	Imports	36.11	} 44.67
	Invisibles	8.56	
Grand Total	...		97.23

Implemen-
tation of
Development
Programme.

58. It is proposed that the allocations both in the development and non-development side may be tentatively conveyed to the administrative departments so that they may complete all formalities required in connection with the implementation of the development programme.

59. One of the main difficulties in the implementation of the development programme is the limited capacity of the Buildings and Roads Department to handle the full load of construction work provided in the Budget. The approximate amount provided for buildings in the proposed Annual Development Programme is 30 Crores. The Buildings and Roads Department have indicated that with their set up as at present they can take up work upto 10 Crores. An amount of approximately 11 Crores is provided for buildings in the Housing and Settlement Sector for which there is a separate executing agency. It is suggested that a selected part of the construction work in the Education and Health Sectors may be entrusted to the private sector. In the Health Sector 70 per cent of the proposed programme consists of building. Similarly in the Education Sector 45 per cent of their development programme consists of buildings.

Transfer of certain items of construction work to private sector.

60. The Governor while addressing the Commissioners' Conference suggested that it would be useful to associate private sector with construction work. The suggestion was unanimously endorsed by the Commissioners when the proposal was discussed in detail. It is suggested that a committee consisting of the following Officers may be nominated to progress this proposal so that steps can be taken immediately to ensure that construction work in the Education and Health Sectors can be passed on to private consultants and contractors :—

- (1) Chief Secretary.
- (2) Additional Chief Secretary (Planning and Development).
- (3) Education Secretary.
- (4) Health Secretary.
- (5) Finance Secretary.
- (6) C. & W. Secretary.

61. A similar Committee headed by the Chief Secretary has acquired experience of entrusting construction work to private consultants in connection with the Benevolent Fund Building in Lahore.

62. An other item provided in the annual development programme is the proposed Secretariat Building in Lahore. It is suggested that the proposal regarding construction of the new Secretariat Building should also be processed by the Committee referred to above.

New Secretariat Building.

63. A detailed note on this subject may be seen at Annexure XIII.

64. The Council of Ministers is requested to approve:—

- (i) Annual Development Programme for [the next financial year subject to the changes suggested in paragraph 43 above (Annexure XI).
- (ii) Phasing of future expenditure on new schemes (Annexure XII);

- (iii) Schedule of New Expenditure pertaining to the next financial year subject to changes suggested in para 55 above (Annexure VII).
- (iv) Recommendations of the Economy Committee subject to the suggestions made in paragraph 48—51 above: (Annexure VIII).
- (v) Proposals contained in paragraph 52—54 and paragraphs 59—63 (Annexures IX and XIII).

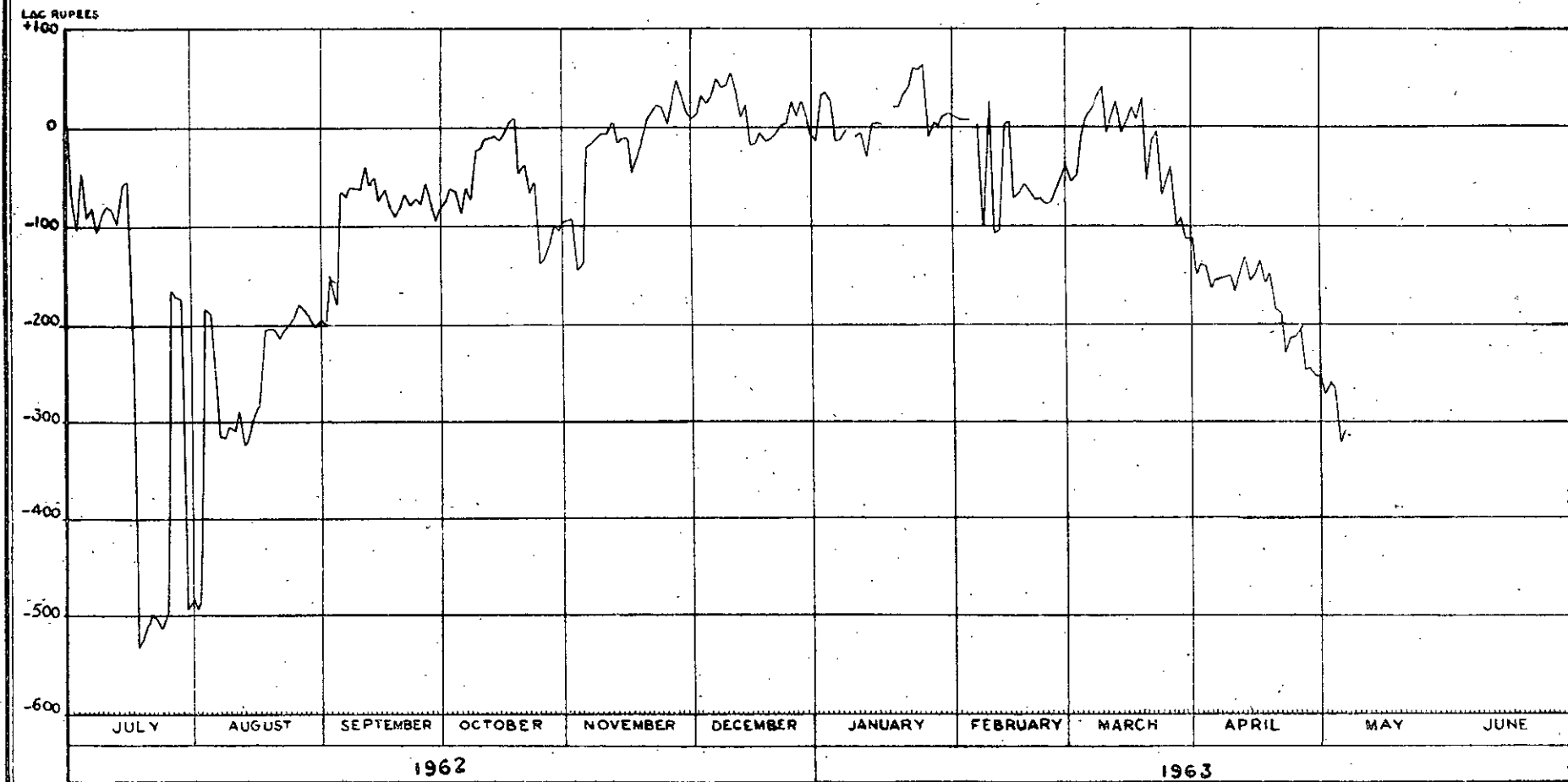
ALTAF GAUHAR

LAHORE :

The 16th May, 1963. } Secretary to the Government,
West Pakistan, Finance Department.

21
ANNEXURE II

RAILWAY BALANCE
WEST PAKISTAN GOVERNMENT
1962-63



ANNEXURE III

Statement showing the Public Debt position of the Government of West Pakistan as anticipated on 30th June 1963.

(CRORES OF RUPEES)

1. Market Loans	..	..	..	..	..	39.88
2. Consolidated Debt	..	..	..	..	..	74.49
3. Foreign Loans (received up to 30th June 1961)				..	..	11.81
4. Development Loan, 1961-62	..	..	..	..	..	28.68
5. Loan for Agricultural Development Schemes, 1961-62				..	..	1.50
6. Foreign Loan 1961-62 (I.C.A.)	..	..	..	..	..	2.45
7. Development Loan, 1962-63	..	..	..	..	..	35.92
8. U.S. AID Loan, 1962-63	..	..	..	..	..	13.23
					Total	207.96

ANNEXURE IV

STATE TRADING

(Foodgrains and Sugar)

	(FIGURES IN CRORES)	
	<i>Budget Estimate, 1962-63</i>	<i>Revised Estimate, 1962-63</i>
	Rs.	Rs.
GROSS EXPENDITURE		
Grain Supply Scheme	48.84	45.84
Sugar Nationalization Scheme	19.06	13.74
Other Schemes .. .. .	..	.02
Total Gross Expenditure	67.90	59.60
RECEIPTS AND RECOVERIES		
Grain Supply Scheme	48.90	53.27
Sugar Nationalization Scheme	19.19	12.17
Total Receipts and Recoveries	68.09	65.44

ANNEXURE V

STATE TRADING

(Foodgrain and Sugar)

(FIGURES IN CRORES)
Revised Budget
Estimate, Estimate,
1962-63 1963-64

	Rs.	Rs.
GROSS EXPENDITURE		
Grain Supply Scheme	45.84	46.88
Sugar Nationalisation Scheme	13.74	14.18
Other Schemes .. .. .	.02	.02
Total Gross Expenditure	59.60	61.08
RECEIPTS AND RECOVERIES		
Grain Supply Scheme	53.27	47.71
Sugar Nationalization Scheme	12.17	15.59
Total Receipts and Recoveries	65.44	63.30

ANNEXURE IX

While preparing the budget for 1963-64 it was observed that expenditure on Travelling Allowance and Contingencies had increased heavily. Travelling Allowance has increased to three crores of rupees. The reason of avoidable elements in this are certain rules relating to road mileage and uneconomical use or misuse of Government vehicles.

The rates for road mileage by personal car in West Pakistan are higher than the rates in the Centre as will be seen from the following statement :—

<i>West Pakistan</i>	<i>Centre</i>
<i>To Officers of I Grade—</i>	
Sixty-two paise per mile for the first 400 miles in a month and 50 paise per mile thereafter.	50 paise per mile.
<i>To Officers of II Grade—</i>	
Fifty paise per mile	.. 37 paise per mile.

The rates in West Pakistan are very high even after taking into account the depreciation, cost of insurance, maintenance, etc.

Not only is the road mileage rate in West Pakistan lavish, but the West Pakistan rules (unlike the Central rules) also permit drawal of mileage by road for all journeys even between places connected by rail.

Another practice which leads to avoidable increase in Travelling Allowance is that even where Government vehicles are provided for the use of Government servants in an office, the Government servants are allowed to charge road mileage by personal car.

It is, therefore, suggested that the following amendments may be made in the West Pakistan Travelling Allowance Rules :—

- (i) The rate of road mileage for journey by personal car should be reduced to 35 paise per mile;
- (ii) For journeys performed by car between places connected by rail, the mileage allowance should be by rail or road, whichever is less; and
- (iii) where a Government vehicle is provided for use by a gazetted officer or officers such gazetted officer/officers should not be paid road mileage.

It is also generally recognised that heavy losses are being caused to Government due to misuse of Government vehicles. It is suggested that the following orders may be issued to minimise such mis-use :—

- (a) No Government vehicle should be garaged at the residence of an officer.
- (b) A log book should be maintained with every vehicle to indicate the purpose and mileage of the journey undertaken. A copy of entries in the log book should be forwarded monthly by the officer who is in charge of the vehicle to his immediate superior officer. The officer-in-charge of the vehicle should also attach a certified copy of the entries of the log book with the contingent bill for petrol and lubricants explaining the expenditure of the amount previously drawn. Audit should carefully scrutinise compliance of orders relating to the use of staff cars and maintenance of log book while auditing the bills as well as during audit inspections. Officers using the vehicle thus sign the entries in the log book themselves. In the absence at such signature all entries will be treated as unauthorized.
- (c) A special squad of the Anti-Corruption Department should check Government vehicles and vehicles of all autonomous agencies when in motion or when parked at a private place with a view to verifying whether the log book has been duly filled and the Government vehicle is on duty as per rules. Special checks should be made in the morning to ensure that Government vehicles are not used for journeys from residence to office.
- (d) The instructions about use of Government vehicles should be publicised widely among Government servants who should be warned that disciplinary action will be taken in cases of non-compliance of these instructions.

ANNEXURE XIII

As desired by the Governor the question of utilization of private firms of Consulting Engineers and Architects for the execution of building works included in the next year's Annual Development Programme has been carefully examined.

2. The capacity of the P. W. D., as stated by the Communication and Works Department, is limited to Rs. 10 crores only. It is, therefore, obvious that some alternative arrangements will have to be devised to implement the balance of the programme which is beyond the present capacity of the P. W. D. If buildings of schools and hospitals are not completed in good time, the Departments concerned will not be in a position to start the institutions. The non-completion of the buildings within the target period will, therefore, retard the achievement of physical targets envisaged in the Plan.

3. To clarify the various issues discussions have been held in Lahore and Karachi with the representatives of the following firms:—

- (1) Messrs. Associated Consulting Engineers ;
- (2) Messrs. Noon Qayyum & Company ;
- (3) Messrs. Ammann & Witney ;
- (4) Messrs. Mino Mistry & Company;
- (5) Messrs. Drauwala & Company ;
- (6) Messrs. Tajuddin Bhamani & Company ; and
- (7) Messrs. Doxiadis Associates.

4. The matter has also been discussed with Messrs. Mohsin Ali, Consultant, Planning Commission, and M.A. Ahad, Senior Architect to the Government of Pakistan. Mr. Mohsin Ali headed the Central Engineering Authority for many years dealt with the question of re-organisation of the P. W. D., in Pakistan in a proper which was accepted by the Presidential Cabinet and the Provincial Governments were required to implement it. Mohsin Ali Report has recommended the re-organization of the P. W. D. on the pattern of private consulting firms who, in the opinion of the author, provide the best mechanism to execute building works efficiently and economically.

5. The work involved in the construction of a building can be divided broadly into three phases. They are—

- (i) Preparation of preliminary plans, estimates specifications, feasibility reports surface surveys and investigations and tests.
- (ii) Preparation of detailed plans, specifications structural designs, bills of quantities and costs.
- (iii) Supervision and inspection—top or detailed—and the final completion report

6. It is open to Government to decide whether the consulting firms should be entrusted with only the First Phase of the work or should also be required to undertake Phases II and III.

7. Secretary, Communication and Works with whom the matter has been discussed, is of the view that the consulting firms may be required to prepare only the architectural designs and the remaining work connected with the preparation of detailed structural designs and inspection should be handled by the P. W. D., itself. It is only in view of the existing shortage of Government Architects that he is prepared to entrust the work of preparation of architectural designs to consulting firms. Otherwise, in his opinion, the association of the firms with the construction programme will increase the cost of works by 30 percent, as their planning is not economical.

8. The consulting firms, however, strongly advise that where Government decides to entrust the construction of a certain building to them, they should be entrusted with the complete job which means all the three Phases. The point made out by them is that if they are required prepare only the preliminary plans and architectural designs, and the rest of the work, viz., detailed plans and estimate and to supervision is done by the P.W.D., they cannot be held responsible for the works a whole. Further, it would be difficult to distinguish and separate one phase from the other and fix responsibility for any defects in planning or execution amiss.

9. The balance of advantage, would appear to in selecting specific sectors of Development Programme and entrusting the entire job to consulting firms, so that there is no division of responsibility. This will also ensure in getting the whole job done as a more economical basis.

10. Another possibility which can be considered is that the first two Phase entrusted to the firms. They may prepare the preliminary plans and estimates, and also the detailed structural, designs, bills of quantities, etc., and the Third Phase, viz., supervision is left to the P. W. D. There is no doubt that under such an arrangement responsibility for defective designing will squarely lie on the consulting firms concerned. But there will be nothing to ensure that the project will be completed within the time limit laid down in view of the procedures followed the P. W. D. There is also the risk that this will create unnecessary tension between the Consultants and the P. W. D. Where the firms are entrusted with all the three Phases of work, they have to complete the building within the time schedule laid down. In case of default Government can invoke the penalty clause which makes the firms liable for damages for every day beyond the scheduled date of completion.

11. Yet another possible arrangement in respect of the Third Phase, viz., supervision is that in certain cases the Consulting firms may undertake only top supervision—leaving the detailed supervision at Executive Engineer level to the P. W. D. This arrangement is manifestly defective. The top supervision by the Consulting firms will be superficial and the P.W.D. will have the entire charge of construction leading to delays and other irregularities.

12. Another question discussed with the representatives of the Consulting firms was the quantum of work which would attract them, and whether they would be interested in small works scattered over a large area. The general feeling was that they would be interested in handling works costing Rs. 10 lac and above. In case of smaller scattered works, there through it would not be financially worth their while, as they will have to put up expensive organization at several places. It was, however, thought feasible that standard plans for buildings such as schools, health centres, etc., could be prepared and constructed by them, and repeated at different places in the Province. Some of the firms were prepared to handle even smaller scattered works also, provided the fee for supervision was slightly increased. In the course of detailed discussions it was discovered that the increase contemplated was not substantial and in any case, if added to the fee charged for the rest of the work, it would not exceed 50 per cent of the departmental charges levied by the P. W. D., on works executed by them.

13. It should be possible to chose two sectors initially viz., Education and Health and Allot work to Consultants consider the in two broad categories (a) works costing Rs. 10 lac and above; and (b) works costing less than Rs. 10 lac.

14. The work should be entrusted in all the three Phases so that responsibility is not divided and the job is completed expeditiously without any revisions of estimates.

15. As regards works costing less than Rs. 10 lac the entire job, as in the case of works costing more than Rs. 10 lac, should be entrusted to Consulting firms and the fee for supervision may be slightly increased to make it worth their while to under take the entire job. In view of the fact that it is particularly in the case of small buildings like Health Centres and Schools that works have been languishing it would appear desirable that a selected number of such projects may be entrusted to the Consulting Firms especially to achieve the target in the sectors of Health and Education. Even after allowing the increased fee the overall expenditure will be less than 50 per cent of the departmental charges levied by the P. W. D., and the whole arrangement will be financially more advantageous to the Government.

16. A word about the rates of fee charged by the Consulting Engineers and how they compare with the departmental charges of the P. W. D. Generally the fee charged the Consulting Engineers is 6 per cent for Phase I and II and top supervision under Phase III. This can perhaps be reduced by negotiations with the firms individually. For complete supervision a Project Engineer of Executive Engineer level is appointed by the firm at the cost of Government. Some ancillary staff is also provided to help the Project Engineer. If expenditure on the Project Engineer and his staff is taken into consideration, the fee for all the three Phases goes up from 6 per cent to 9 per cent. In the case of the P.W.D., however, the departmental charges which are included in every estimates are of the order of 20 per cent. The break-up of these departmental charges is as below:—

	Per centage
(a) Establishment	... 16½
(b) Pensionary	... 1
(c) Tools and Plants	... 1½
(d) Accounts and Audit Establishment	... 1
Total	... 20

17. It would be observed that execution of building projects through the firms of Consulting Engineers would be more economical. As the firms will be obliged to complete the work within the time limit allowed the possibility of successive revisions due to long delays in the execution of works as at present will be eliminated. This would result in considerable saving in the cost of construction. The Finance Department has already come across an estimate of a sizable work which has not been revised by the P. W. D., thus substantially raising the cost of construction. Therefore both from the point of view of efficiency as well as economy, it would be in the larger interest of the Province and the expeditious implementation of the construction programme included in the next year's A. D. P. that greater use should be made of the private Consulting firms of Engineers and Architects in preference to the P. W. D. Incidentally this would also promote the formation of reliable and suitable firms of contractors as was observed by the Governor in his address to the Commissioners recently. There is at the moment a lamentable shortage of suitable contractors in the country. The void created by the Partition has not so far been filled. It is generally believed that no respectable contractor would normally agree to offer himself for a P. W. D. contract. Where, however, the work is handled by a Consulting firm, the practice is entirely different and the contractor has nothing to be afraid of. It is also our experience that lower rates are charged by the contractor under consultants.

18. The selection of firms will have to be done with great care. The aim should be to encourage our own nationals. There are some foreign firms who have no experience and no appreciation of our requirements, social conditions and weather needs. For this purpose a rating list of at least 10 firms should be prepared. Only such firms should be selected as conform to a certain minimum standard both from the point of view of experience of works done in Pakistan or under similar conditions and have on their staff fully qualified and trained personnel. Work should be entrusted to a number of firms so that an element of competition is introduced and every one of them endeavours to do his best in order to qualify for selection for the next year's development programme. One or two buildings of the type entrusted to Consulting firms may also be allowed to be handled by the P. W. D. so that they get an opportunity to show their worth in comparison with private enterprise. This should help the P. W. D. to rationalize their old procedures and attain a higher standard of efficiency.

19. It is also for consideration what should be the organizational pattern for dealing with the consultants and their selection for particular works. It is recommended that this should be entrusted to a High Powered Board as in the case of the Benevolent Fund Building to deal with the consulting firms. The Board will invite tenders, select the firms, keep an eye on the work, arrange payments of running bills and finally receive the completion report. This Board should be headed by the Chief Secretary and include Finance Secretary, Secretary Communications and Works, and Secretary of the Department concerned in whose sector the building falls. This Board should be assisted by a wholetime Secretary who should preferably be an Engineer. He should not be taken from the P.W.D. If he is a deputationist, he will always be looking to his Department for advancement and will not be able to bring an independent approach to bear on his work. If he is not selected from the open market, perhaps a suitable officer can be secured from WAPDA on loan. In any case, he should be a hand-picked officer of high technical attainment. It may also be necessary to associate a firm of Consultants on a nominal fee to assist the Board in the preparation of tender documents, analysis of tenders, rates and such other technical matters as are generally involved.

20. If it is decided to hand over some building works to the Consulting firms, the existing mode of financing of these works will have to be somewhat changed. Our approach so far has been that expenditure on work with minimum expenditure of Rs. 4 to 5 lac is spread over a period of two years or so. In case of works involving a larger capital outlay, the programme is spread over a longer period. This is done for two reasons (i) there are more works than available resources, and (ii) there are certain obvious and inevitable bottlenecks which limit the speed of work. Broadly these are the selection of site, acquisition of land, grant of administrative approval by the Department, preparation of architectural plans, unsatisfactory performance of the contractors, etc. In case of construction through Consulting firms some of these Bottlenecks, if not all, will be completely eliminated, with the result that work will proceed more expeditiously. Furthermore, the Consulting firms will be required to complete the buildings within the stipulated period. Under the circumstances it would not be possible for the Consulting firms to stagger the work.