



# TRANSPARENCY INTERNATIONAL-PAKISTAN

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26<sup>th</sup> November, 2013.

Mr. Ishaq Dar,  
Federal Minister of Finance,  
Government of Pakistan,  
Islamabad

Sub: Illegal remunerations drawn by Civil Servants as nominated members in the Board of Directors of Public sector Enterprises, and Listed companies- Finance Division SRO (1)/2013 dated 20<sup>th</sup> November 2013, limiting Rs 600,000 fee for Govt Servant PSEs Directors

Dear Sir,

Transparency International Pakistan appreciates and congratulate on the measures taken by you for rationalizing the fee of the government servants nominated by the government on Boards of various Public Sector Enterprises (PSEs) and Corporate Entities.

This has been implemented by the Finance Division through issuing of the notification, SRO (1)/2013 dated 20<sup>th</sup> November 2013 that such government servants nominated by the government will only be permitted to retain an amount of Rs.600,000/- per annum received by him or her as fee on account of their participation in Board meetings. Any amount received over and above this amount from PSE's or corporate bodies would have to be refunded and deposited in the National Treasury.

This action of the present government, by issuing Supplementary Rules in the Civil Servant Act 1973, and amending Rule 12, and that this notification shall take effect immediately ( i.e. 20-11-2013), confirms the complaint sent by TIP that all fee taken by each and every govt. servant as board members till 20<sup>th</sup> November 2013, was illegal.

Transparency International Pakistan therefore request the Minister to please order for recovery of money drawn by all those govt. servant as board member of various PSEs, Trusts, Authorities, who have illegally availed the payments as directors, which was in violation of service rules. .

A similar refund of undue payments made to parliamentarians has been ordered by the Supreme Court of Pakistan, quoted in the Judgment announced on 28-10-20-13, in the Civil Appeal No.669-L of 2013

Syed Mehmood Akhtar Naqvi's case (PLD 2012 SC 1089). Relevant portion therefrom is reproduced hereinbelow:-

“81. ... ..

(d) All the Members of the Parliament/Provincial Assemblies noted above had made false declarations before the Election Commission while filing their nomination papers and as such appear to be guilty of corrupt practice in terms of Section 78 of Representation of Peoples Act, 1976, therefore, the Election Commission is directed to institute legal proceedings against them under section 82 of the Act read with sections 193, 196, 197, 198 and 199 PPC in accordance with law.




(e) The members of Parliament/ Provincial Assemblies noted hereinabove, being disqualified persons are directed to refund all monetary benefits drawn by them for the period during which they occupied the public office and had drawn their emoluments etc. from the public exchequer including monthly remunerations, TA/DA, facilities of accommodation along with other perks which shall be calculated in terms of money by the Secretaries of the Senate, National Assembly and Provincial Assemblies accordingly.

(f) The amount, so recovered from all of them by respective Secretaries shall be deposited in the public exchequer within a period of two weeks and compliance report shall be sent to the Registrar.

Transparency International Pakistan requests the Minister to order that all Civil Servants who were representing government in any boards of Public Sector Enterprises or Public Sector Listed Companies, deposit all fee drawn in the exchequers account except the TA/TA as allowed under the Civil Servant Act 1973.

TI Pakistan is striving to have transparency in procedures and Rule of Law in Pakistan, which is the only way to eliminate corruption and have good governance in country.

Regards,

  
Syed Adil Gilani  
Adviser,

Copies forwarded for information and appropriate action under the mandate vested, to,

1. Secretary to the Prime Minister, for information of the Prime Minister, Islamabad.
2. Minister of Interior, Islamabad
3. Chairman, NAB, Islamabad.
4. Registrar, Supreme Court Pakistan, Islamabad

GOVERNMENT OF PAKISTAN  
FINANCE DIVISION



No.116/2009-DG (Media).

Islamabad, November 22, 2013.

Dear Mr. Adil Gilani,

I have been directed to forward you the decision by the Government of Pakistan for capping the perks of Government servants nominated in Public Sector Enterprises and Corporate Entities at Rs. 600000/- per annum.

Also enclosed is a notification to the effect issued by the Finance Division.

Profound Regards,

*Best wishes*

( Shafqat Jalil )

Director General-Media Finance

Mr. Adil Gilani,  
Chief Executive Officer,  
Transparency International



Government of Pakistan  
Finance Division  
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Islamabad, the 27<sup>th</sup> November, 2013

**NOTIFICATION**

S.R.O. (1)/2013.- In exercise of the powers conferred by sub-section (1) of section 25 of the Civil Servants Act, 1973 (LXXI of 1973), read with Notification No.S.R.O.120(1)/1998 dated the 27<sup>th</sup> February, 1998, the Finance Minister with the approval of the Competent Authority is pleased to direct that the following further amendment shall be made in the Supplementary Rules namely :-

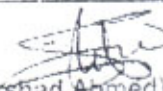
In the aforesaid Rules, for rule 12 the following shall be substituted, namely:-

"12. Unless the President by special order otherwise directs:-

- (a) one third of any fee in excess of one hundred thousand rupees received by a civil servant from consultancy shall be credited to General Revenues;
- (b) no civil servant, other than the one appointed under statutory provisions, shall be appointed to or nominated by the Federal Government to the Board of Directors of more than one statutory corporation, company, autonomous body, institution, society etc., whether fully or partially owned or controlled by the Federal Government, in the interest of equity and justice;
- (c) the allowance, fee, honorarium etc., in excess of six hundred thousand rupees per annum received by a civil servant as member of the Board of Directors of any one or more statutory corporations, companies, autonomous bodies, institutions, societies etc., whether fully or partially owned or controlled by the Federal Government, shall be credited to the General Revenue;
- (d) the upper limit of six hundred thousand rupees mentioned in paragraph (c) above shall include all other perks and privileges except the cost incurred on travel and lodging."

2. The notification shall take effect immediately.

[F.No.2(1)/R-4/2004]

  
(Irshad Ahmed)  
Section Officer (R-4)

The Manager,  
Printing Corporation of Pakistan Press,  
Islamabad



**GOVERNMENT OF PAKISTAN  
FINANCE DIVISION**



**Islamabad, November 20, 2013**

**PRESS RELEASE**

**RENUMERATION TO GOVERNMENT SERVANTS FOR ATTENDING  
BOARD MEETING CAPPED**

The Finance Minister Senator Mohammad Ishaq Dar has decided to rationalize the fee of the government servants nominated by the government on Boards of various Public Sector Enterprises (PSEs) and Corporate Entities.

The Finance Minister has decided that such government servants nominated by the government will only be permitted to retain an amount of Rs.600,000/- per annum received by him or her as fee on account of their participation in Board meetings. Any amount received over and above this amount from PSE's or corporate bodies would have to be refunded and deposited in the National Treasury. This order shall be implemented with immediate effect.

The measure has been taken as a part of policy of the present government to enforce austerity in Public Sector Entities (PSEs) and maintain financial discipline by ensuring that government servants receive realistic fee for their contributions.

It would be pertinent to mention here that some government servants were earning huge amounts running into millions in lieu of fee paid to them for participation in Board meetings by Corporate Entities while others were members of more than one PSE, thus earning huge financial benefits.

The decision will rationalize the fee of government servants nominated by the government in various Boards.

Some of the prominent Public Sector Entities and corporate bodies where government has been nominating government officers on their boards among others include Pakistan Steel Mills, Pakistan Telecommunication Limited (PTCL), United Bank LTD, (UBL), Pak- Saudi Bank, Pak Libya Bank, Pak China Investment Company, Pak Kuwait Investment Company, Pak Brunei Investment

Company, Saudi Pak Agricultural Company, Industrial Investment Company, Pak-Iran Investment Company, Pak-Oman Investment Company, Pak Libya Investment Company, Pakistan International Airlines Corporation, Karachi Electricity Supply Corporation, National Power Construction Company, National Electric Power Regulatory Authority, Private Power and Infrastructure Board Oil and Gas Regulatory Authority, Sui Southern Gas Company Limited, Sui Northern Gas Company Limited and State Life Insurance Corporation.

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