



**EMPLOYEES' OLD-AGE BENEFITS' INSTITUTION  
BOARD SECRETARIAT**

Head Office: EOBI House 190/1/B,  
Block-II P.E.C.H.S. Karachi  
Phone : 021-34328026

Ref: No. HO/BS/11<sup>th</sup> Emgt.Mtng/2014/- 117

Dated: 18<sup>th</sup> August, 2014

1. FA/DG(F&A)/HR
2. DG(Investment)
3. DG(Audit)
4. DG (Ops) North
5. DG (Ops) South
6. DDG (IT)
7. DDG (Law)
8. Incharge Reconciliation Department
9. Incharge Publicity Department
10. CEO, PRIMACO

Subject: Implementation on Minutes of 11<sup>th</sup> Emergent Meeting of Board of Trustees (BOT), EOBI.

I am directed to enclose copy of Minutes of 11<sup>th</sup> Emergent Meeting of Board of Trustees (BOT), EOBI held on 23<sup>rd</sup> June, 2014 at Karachi, duly approved by President of BOT/Secretary, Ministry of Overseas Pakistanis & Human Resources Development, Islamabad.

2. You are requested to take necessary action on the decisions pertaining to your Department and send compliance report to this Secretariat for onward submission to BOT in its forth coming meeting.
3. If there is no action on part of your Department, a NIL report may please be sent.

(Dr. Rahimat Ibad Khan)  
Secretary BOT

Encl: As above

Copy for information: -

- 1) SO to Chairman Secretariat.
- 2) Master file/Office file.

**Minutes of 11<sup>th</sup> Emergent Meeting of the Board of Trustees, EOBI**  
**Held on 23<sup>rd</sup> June, 2014 at EOBI House, Head Office, Karachi.**

The 11<sup>th</sup> Emergent meeting of the Board of Trustees of EOBI was held on 23<sup>rd</sup> June, 2014 at 10:00 a.m in the Board Room, EOBI House, Head Office, 190/1/B, Block-II PECHS Nursery, Karachi. Following attended the meeting:

- |       |   |               |
|-------|---|---------------|
| i.    | Mr. Saif Ullah Chattha,<br>Secretary, Ministry of OPs & HRD.          | President     |
| ii.   | Mr. Muhammad Ayub Shaikh,<br>Chairman EOBI.                           | Member        |
| iii.  | Mr. Muhammad Asif,<br>Joint Secretary, Ministry of OPs & HRD          | Member        |
| iv.   | Mr. Fida Muhammad,<br>Financial Adviser, Ministry of OPs & HRD.       | Member        |
| v.    | Mr. Farhan Aziz Khawaja,<br>Secretary, Department of Labour, Punjab.  | Member        |
| vi.   | Mr. Noor Muhammad Laghari,<br>Secretary, Department of Labour, Sindh. | Member        |
| vii.  | Mr. Gul Zeb Khan,<br>Secretary, Department of Labour, KPK.            | Member        |
| viii. | Mr. Naseer, Baloch,<br>Secretary, Labour Department, Balochistan.     | Member        |
| ix.   | Malik Tahir Jawaid,<br>Employers' Representative, Punjab.             | Member        |
| x.    | Mr. Muhammad Tariq Rafi,<br>Employers' Representative, Sindh.         | Member        |
| xi.   | Dr. Muhammad Yousuf Sarwar,<br>Employers' Representative, KPK.        | Member        |
| xii.  | Mr. Ghulam Farooq,<br>Employers' Representative, Balochistan          | Member        |
| xiii. | Chaudhary Naseem Iqbal,<br>Employees' Representative, Punjab          | Member        |
| xiv.  | Mr. Shouket Ali,<br>Employees' Representative, Sindh.                 | Member        |
| xv.   | Mr. Muhammad Iqbal,<br>Employees' Representative, KPK.                | Member        |
| xvi.  | Mr. Sarzameen Afghani,<br>Employees' Representative, Balochistan.     | Member        |
| xvii. | Dr. Rahmat Ibad Khan,   | Secretary BOT |

2. Following were also present in the meeting to assist the Board in its deliberations:

- i. Mr. Ghulam Muhammad Memon, FA/DG(F&A)/HR
- ii. Mr. Shakeel Ahmad Mangnejo, Investment Advisor
- iii. Syed Iqbal Hiader Zaidi, DG (Ops) South
- iv. Mr. Muhammad Ayub Khan, DG (Audit)
- v. Mr. Meraj Nazimuddin, DDG (HR)
- vi. Mr. Kamran Fazal, Director (F&A)
- vii. Mr. Shakil Ahmed, Dy. Director (F&A)

3. Meeting started with recitation of verses from Holy Quran. President of the Board/Secretary, Ministry of Overseas Pakistanis & Human Resource Development Mr. Saif Ullah Chattha welcomed the participants of the meeting. The Board took up the items from the following agenda for deliberation:

Sr. #	Agenda Items for 11 <sup>th</sup> Emergent BOT Meeting
01.	a) Confirmation of the minutes of 10 <sup>th</sup> Emergent meeting of Board of Trustees. b) Compliance Report on decisions of 10 <sup>th</sup> Emergent Meeting of Board of Trustees.
02.	Revised Budget Estimates for 2013-2014 and proposed Budget for 2014-2014.
03.	Ratification of decision of HR Committee of the Board.
04.	Clarification in relation to adoption of Federal Government instructions on age relaxation – 10 years of Relaxation available to Government Employees who have served for two years mutatis mutandis to EOBI Employees who have served in the Institution 2 years.
05.	Any other item with permission of the Chair.

**Agenda Item No. 1.**

- |   |
|---|
| 1. (a). Confirmation of Minutes of 10 <sup>th</sup> meeting of Board of Trustees. |
|---|

4. Dr. Rahmat Ibad Khan, Secretary to BOT informed that minutes of 10<sup>th</sup> Emergent meeting of the Board held on 2<sup>nd</sup> June, 2014 at Islamabad were approved by the President of the Board and were accordingly circulated among all members of the Board vide letter No. HO/BS/11<sup>th</sup> Emergent.Mtng/2014-105 dated 19<sup>th</sup> June, 2014 to offer suggestions, if any. President of the Board desired that Chairman EOBI may read out the decisions of

minutes of 10<sup>th</sup> Emergent meeting for confirmation. Mr. Muhammad Ayub Shaikh Chairman, EOBI read the decisions and thereafter Board unanimously confirmed the minutes of 10<sup>th</sup> Emergent meeting of the BoT.

**Decision:**

**5. Since no observations/suggestions were raised therefore, Board unanimously confirmed the minutes of 10<sup>th</sup> Emergent meeting of the BoT.**

1 (b) Implementation on decisions of 10<sup>th</sup> Emergent Meeting of the Board of Trustees held on 2<sup>nd</sup> June, 2014.

6. Mr. Muhammad Ayub Shaikh, Chairman, EOBI referred to decisions of BOT in 10<sup>th</sup> Emergent meeting and informed that as per decision a draft summary regarding ongoing PRIMACO Projects has been moved to the Ministry of OP & HRD for consideration and onward submission to honourable Prime Minister of Pakistan.

7. Referring to agenda item No.2 (b) regarding nomination of Directors of Board of Directors of PRIMACO, Mr. Muhammad Ayub Shaikh, Chairman, EOBI informed that subject to confirmation of minutes by this Board, nomination of Engineer Sohail Bashir will be notified accordingly. It was also informed that under agenda item No.4 (a) regarding Human Resource Policy of the Institution, it was earlier decided by the Board that the agenda item may not be considered as "any other agenda item" rather be placed as regular agenda item in the forthcoming BOT meeting. Accordingly, the agenda item is being placed in the present meeting as agenda item No.3.

**Agenda Item No. 2**

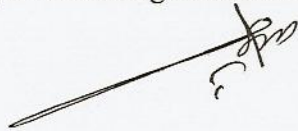
Revised Budget Estimates for 2013-2014 and proposed Budget for 2014-2015.

8. The Chairman, EOBI presented the current year budget and highlighted the performance of EOBI. These highlights included of 75.24% increase in the total income in current year as compared to that of last year. He informed that current year's growth in the investment earnings from fixed income portfolio and equity portfolio remained 804% and

104% respectively as compared to the last year. He also informed the Members that due to strict financial discipline management expenses have declined by 37% as compared to the last year's expenditure and a saving of Rs.245 million has been recorded. The members appreciated the performance of the Institution which has resulted in a massive growth of the fund from 233 billion as on 30<sup>th</sup> June 2013 to estimated 262 billion by the end of June 2014. Chairman EOBI said that this performance is the result of team work and hard work by investment wing besides F&A and Audit has played a key role in this performance in their respective areas.

9. The Financial Advisor/DG (F&A) ,EOBI presented Annual budget for financial year 2014-15 and Revised Budget Estimates for financial year 2013-14. He appraised the Board that the revised estimates for financial year 2013-14 and proposed annual budget for financial year 2014-15 has been cleared by the Audit Committee of the Board in its meeting held on 22nd June 2014.

10. The budget as per following details was presented before the BOT of EOBI:-

A handwritten signature in black ink, appearing to be 'S. C.', is written over the text of item 10. The signature is slanted and written in a cursive style.

(Rupees In Millions)

Description		2013-14		2014-15
		Budget Estimates	Revised Estimates	Proposed Budget Estimates
<b>I</b>	<b>RECEIPTS</b>			
a)	Contribution Income	12,568.000	12,568.000	15,710.000
b)	Investment Income			
	i) Fixed Investment Income	17,226.043	18,905.668	19,922.848
	ii) Equity Investment Income	7,395.000	13,646.885	8,045.000
	iii) Contingency Income from Real Estate Properties			7,570.000
	<b>Total Investment Income</b>	<b>24,621.043</b>	<b>32,552.553</b>	<b>35,537.848</b>
c)	Other Income			
	i) Rental Income	140.998	164.023	168.050
	ii) Misc. Income	11.900	5.400	12.340
	<b>Total Other Income</b>	<b>152.898</b>	<b>169.423</b>	<b>180.390</b>
	<b>TOTAL RECEIPTS (a+b+c)</b>	<b>37,341.941</b>	<b>45,289.976</b>	<b>51,428.238</b>
<b>II.</b>	<b>EXPENDITURES</b>			
A)	Non Development Expenditures			
1)	Benefits Payments	15,860.000	14,740.000	15,680.000
2)	<u>Management Expenses</u>			
a)	Human Resource	2,006.164	1,593.093	2,063.694
b)	Other Office Expenses	601.430	345.282	409.371
c)	Extra Ordinary Expenses	100.000	0.000	0.000
	<b>Total Management Expenses</b>	<b>2,707.594</b>	<b>1,938.375</b>	<b>2,473.065</b>
	<b>Total Non Development Expenditure</b>	<b>18,567.594</b>	<b>16,678.375</b>	<b>18,153.065</b>
B)	Development & Capital Expenditure	2,280.811	868.040	7,437.007
	<b>TOTAL EXPENDITURES (A + B)</b>	<b>20,848.405</b>	<b>17,546.415</b>	<b>25,590.072</b>
<b>III.</b>	Excess of Receipts over Revenue Expenditure	18,774.347	28,611.601	33,275.173

11. He also referred to working paper which contained the details of above receipts and expenditure which was placed for approval after incorporating the recommendation of Audit Committee.

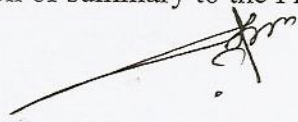
12. The Financial Advisor, Ministry of OP & HRD and Joint Secretary, Ministry of OP & HRD were of the view that wherever explanatory notes are required these should be incorporated in the budget document in order to make it comprehensive and understandable and this must be adhered to in future. Similarly, explanatory note should also briefly discuss the major bench marks like ratios of collection/expenditure over the estimated contribution income, income to admin expenditure ratio etc.

13. Mr. Muhammad Tariq Rafi, the Employer's Representative Sindh, suggested that the Institution should try to increase their rental income. His proposal was endorsed by all the members of Board and it was suggested to formulate a strategy in this regard.

14. The Financial Advisor, Ministry of OP & HRD suggested that the Institution should sanction some budget for **"Extra Ordinary Expenses – National Calamities Catastrophe"**. The Chairman EOBI informed that under the EOB Act, 1976, the Institution cannot make donations for charitable purpose. He further informed that for the same reason the approved budget amounting to Rs. 100 million for 2013-14 under this head has been surrendered. The fund money can only be spent for the purposes which are permissible under the EOB Act 1976.

15. Mr. Fida Muhammad, Financial Advisor, Ministry of OP & HRD, Mr. Muhammad Asif, Joint Secretary Ministry of OP & HRD and Employees Representative Baluchistan Mr. Sarzameen Afghani suggested that region-wise targets for collection, disbursement and expenditure should be presented to the Board for its analysis in the next Board meeting.

16. Mr. Muhammad Asif, Joint Secretary Ministry of OP & HRD and Chairman, EOBI pointed out that whether the Board would like to approve budgetary provision for development projects or wait for approval of Prime Minister as was decided in the last Board meeting. President of the BOT informed the Board that Ministry has started the process for the submission of summary to the Prime Minister and we might get decision in



2-3 weeks as such if we approve the Development Budget of ongoing PRIMACO projects, however that shall be subject to further approval by the Board before release of funds to PRIMACO.

17. On a query regarding reasons for 20% increase in the expense for next year 2014-15 under the head human resource, FA/DG (F&A) explained that this allocation for financial year 2014-15 has been made in view of the ongoing recruitment process against vacant posts. More simply, 659 persons are expected to be hired under different grades and cadres.

18. Financial Advisor, Ministry of OP & HRD and the Employers Representative Punjab Malik Tahir Jawaid wanted to know as to why the approved budget amount for pension disbursement for financial year 2012-13 could not be disbursed and why the revised estimates has shown a downward trend. On the other hand, Chaudhary Naseem Iqbal and Mr. Shaukat Ali Employees Representative, Punjab & Sindh and Mr. Sarzameen Afghani were of view that pensioners ran from pillar to post to get their due pension and other benefits. DG (Ops - South) explained to the learned members that the employers do register the employees but sometimes they fail to provide full particulars of the employees and as a result our database does not have the basic information such as CNICs or any other identification information of certain percentage of employees. Consequently, all the benefit claims cannot be processed despite that the EOBI management does its best to examine and entertain all the claims as much as these could be done legally. Why employers are not providing data and how they can be compelled to do so are the questions which require more deliberations and analysis for achieving best performance. Chairman concluded that the trust money can only be disbursed genuinely and diligently and in case some money is left undisbursed it still lies in the fund and shall be used for the benefit of the pensioners and their families in the future. Moreover, he said that present management has made concerted efforts to encourage employees data to be provided by employers along with contribution and as a result at present the data of 1.78 million insured person (56%) is available out of total 3.20 million active Insured Persons. Moreover, Chairman, EOBI informed that management is deliberating to set a target of 100% data of IPs to be available in the forthcoming financial year 2014-15.



19. At the end of discussion, Convener of the Audit Committee with the permission of the Chair, presented the recommendations of the Audit Committees' deliberations on 22<sup>nd</sup> June, 2014 which are as under;

### **Recommendations of the Audit Committee**

After thorough discussion and deliberation, the Audit Committee recommended the revised budget for 2013-14 and budget for 2014-15 with the following suggestions:

- i. The issue of signatures on the Final Accounts 2011-12 may be referred to Controller General of Pakistan for guidance and opinion in the light of EOB Act and rules. The preparation of Accounts for 2012-13 may be completed by June 30, 2014. The Audit of Accounts for 2013-14 may be initiated timely to avoid such situation in future. The Section-19 of EOB Act and Section-5 (c) of EOBI (Audit & Accounts) Rules, 1977 may be taken into consideration in this regard.
- ii. The overall figures of contribution and benefits appear in order however, the stake holder may be involved while allocating targets to Regional offices.
- iii. The capital gain from Real Estate Properties has not been correctly described. It may be booked as "Contingent Profit" in the books of Accounts.
- iv. The rental income and its operating cost may be shown separately in order to determine the efficiency and adopt standard accounting practice of recording income and expenditures.
- v. The occupancy ratio of the property may also be mentioned to forecast the rental income correctly.
- vi. The profit on sale of vehicles which are required to be disposed off in case of their major accidents/mechanical defects is also without detail and it is difficult to check how the gain has been projected.
- vii. The management expenses have the same deficiency of showing no detail, bifurcation of expenses, reasons and justification notes. However, on clarification of DG (F&A), the Audit Committee agreed with the proposed expenses. The Audit Committee suggested some minor changes like budget of IT Audit, withdrawal of purchase of vehicle, budget Audit same as was last year etc. which will be incorporated in the budget document with note of clarification.

- viii. The Audit Committee also proposed that the detail and notes wherever is possible may be provided before submission to the Board and the rest may be taken as future guidance.
- ix. The Audit Committee also suggested Rs. 160 million budget instead of Rs. 140 million under the head "Pension disbursement and Contribution charges" payable to NBP, Tameer Bank and NDRA which are outstanding due to reconciliation issues.
20. A copy of these recommendations was also placed before the members during the course of meeting. Before reading the Audit Committee's recommendations, the Convener appreciated the performance of DG (Inv) for remarkable increase in investment income. The Convener also appreciated the performance of Chairman EOBI for his leadership skills and 37% reduction in expenditures. The Convener of the Audit Committee gave the credit to Internal Audit specially DG (Internal Audit) and DG F&A and their Departments for reducing the expenditure.
21. After hearing suggestions / recommendations of the Audit Committee; the Board unanimously endorsed the recommendations and decided as under:

**Decision:**

22. **After detailed discussion the Board approved revised budget for 2013-14 and proposed budget 2014-15 with following directions:**
- i. All budget items should contain explanatory notes in the budget document in future.**
  - ii. The Institution must make concerted efforts to increase its Rental Income.**
  - iii. "Contribution Collection, Benefits Payment and Administrative Expense of every region of EOBI" should be provided to the Board in its next meeting for analysis purpose as per details reflected in Para 12.**
  - iv. Out of Capital & Development Expenditure, Board did not approve the proposed purchase of a new vehicle as recommended by the Audit Committee.**
  - v. For management expenses, the Board approved Rs. 160 million for "Bank Service Charges for Contribution Collection & Benefits Payments" and**

additional Rs. 1.00 million for “Information Technology Audit” purpose as recommended by the Audit Committee.

- vi. Controller General of Account, Government of Pakistan shall be requested to guide the Institution to enable it to close its accounts for Financial Year 2011-12 as the then Secretary, OP & HRD/President of the Board has refused to sign the accounts.
- vii. That the Statutory Audit of Accounts of Financial Year 2012-13 shall be completed as early as possible whereas the accounts of 2013-14 shall be closed by stipulated date for audit.
- viii. The overall budget estimate of contribution income of Rs.15710 million for FY 2014-15 were approved with a direction to allocate the targets to regions after a due exercise of rationalization by the Institution. Besides, an analysis of region wise expenditure; target of contribution and disbursement be made and presented before the Board for consideration.

**Agenda Item No. 3**

Ratification of the decision of HR Committee of the Board.

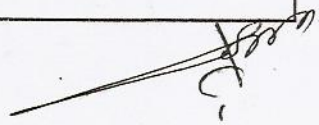
23. Chairman, EOBI informed the Board that the HR Committee of the Board in its meeting held on 28<sup>th</sup> April 2014 discussed, deliberated and recommended the matters referred to it by the Board in its 108<sup>th</sup> meeting held on 18/04/2014 as under:

**i. Mode of Filling of the Post of Director General (Audit)**

HR Committee after discussion approved the following for filling the post of DG (Audit).

Name of the Post	Mode of Appointment	Person Eligible	Conditions of Eligibility
Director General (Audit)	100% by promotion	Dy. Director General, FA&A Cadre	20 years service as Assistant Director (Grade-7) or equivalent and above.  This may be reduced by 5, 12 and 17 years their first appointment in the Institution is made in Grades 8,9 and 10 respectively as provided in recruitment procedures.

24. This item was deferred.



## ii. Re-Allocation of Two Posts of Directors from Operations Cadre to Office Cadre

25. It was informed that HR Committee approved re-allocation of two posts of Directors from Operations Cadre to Office Cadre thereby reducing the posts of Director Operation Cadre from 25 to 23 and increasing the posts of Director Office Cadre from 4 to 6. Secretary OP& HRD/President of the Board observed that since there is no financial implication and that HR Committee of the Board has recommended this re-allocation of posts, there appears no objections to that.

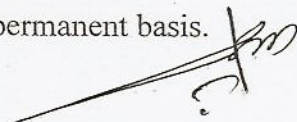
26. President of the Board desired to know about details of ongoing recruitment process being conducted through NTS. Mr. Muhammad Ayub Shaikh, Chairman, EOBI apprised the Board that as per decision of Board, 295 posts of various grades and cadres were advertized in newspapers of national repute through NTS. He informed that in response to the advertisement 21048 applications were received by NTS out of which 20538 application were accepted for first level eligibility tests which was conducted on 17<sup>th</sup> & 18<sup>th</sup> May, 2014. On the whole 4459 candidates qualified 1<sup>st</sup> level test of eligibility for appearance in 2<sup>nd</sup> level test which is due on 28<sup>th</sup> and 29<sup>th</sup> June, 2014. Chairman, EOBI further provided grade/cadre wise details of applications received, accepted and qualified as under:

Sr. No.	Name of the Post	No. of vacancy	No. of application received to NTS	No. of application accepted	No. of applicants qualified the test
01	Secretary BOARD	01	11	10	01
02	Director, Investment Cadre (Equity Research & Investment)	01	21	04	02
03	Director (Finance, Accounts & Audit Cadre)	01	63	34	09
04	Director (Law Cadre)	01	26	23	07
05	Dy. Director (Investment Cadre) (Equity, Trading & Investment)	01	22	03	03
06	Dy. Director (Investment Cadre) (Fixed Income)	01	33	07	02
07	Dy. Director (IT Cadre)	01	40	09	03
08	Dy. Director (Finance, Accounts & Audit Cadre)	01	80	49	16
09	Dy. Director (Law Cadre)	02	42	41	06
10	Assistant Director (Office Cadre)	01	170	122	56

11	Assistant Director (Law Cadre)	07	573	551	19
12	Assistant Director (Operations Cadre)	113	10660	10513	2236
13	Assistant Director (Finance, Accounts & Audit Cadre)	40	3762	3724	706
14	Assistant Director (IT Cadre)	08	639	634	05
15	Executive Officer (Operations Cadre)	30	1241	1212	61
16	Private Secretary	03	135	130	76
17	Personal Assistant	18	318	313	155
18	Kats Operator	01	04	01	0
19	Assistant	64	3208	3158	1096
	Total	295	21048	20538	4459

27. The Secretary, Labour Department, Government of Punjab Mr. Farhan Aziz Khawaja suggested that Board has to benchmark all the activities to know as to in which direction the institution is going. In this regard, he further opined that staff positions may be eliminated or reduced and the EOBI should be an officer centric organization. Moreover, he said that the job descriptions should be in line with those of the employees of a fund management house. He recommended that even outsourcing of some functions can help in bringing down the expenses.

28. The Secretary, Labour Department, Government of Punjab also enquired that whether the positions are contractual or permanent and whether these employees shall be eligible for pensionary benefits. The Chairman, EOBI clarified that the positions are permanent in nature. He further explained that these are mostly technical positions and the institution cannot afford to lose these employees once they acquire experience and training in the organization and moreover the process of rehiring after every 2-3 years would incur huge costs. He said it was wiser to retain the skilled employees on permanent basis.



**Decision:**

29. Board approved the recommendations of the HR Committee regarding re-allocation of two posts of Directors from Operations Cadre to Office Cadre which are located in DG (Ops) Secretariats.

**Agenda Item No. 4**

Clarification in relation to adoption of Federal Government instructions on age relaxation – 10 years of relaxation available to Government Employees who have served for two years mutatis mutandis to EOBI Employees who have served the Institution for 2 years.

30. Mr. Muhammad Ayub Shaikh, Chairman EOBI informed the Board about ongoing process of recruitment through NTS. He informed that there are number of candidates who have previously served in EOBI and they claimed age relaxation benefit as it is allowed to Federal Government employees. He suggested that such ex-employees of the Institution may prove to be an asset for the Institution. President of the Board was of the view that matter of age relaxation in the Government is allowed for being a very big employment source where multiple openings are available for candidates. Moreover, the Government has allowed such relaxation as an incentive for Government Servants. After brief discussion the Board did not concede with the proposal and clarified that such relaxation cannot be made available to EOBI employees on mutatis mutandis basis.

**Decision:**

31. The Board did not approve the proposal.

**Agenda Item No. 5.**

Any other item with permission of the Chair.

32. On the request of members of the Board Mr. Sarzameen Afghani, Mr. Muhammad Iqbal, Chaudhary Nasim Iqbal and Mr. Shouket Ali. The President of the Board allowed consideration of ex agenda item No. 1 and 2.

## Ex-Agenda Item.1

Increase in minimum pension from Rs.3600/- to Rs.6000/- per month.

33. Ch. Naseem Iqbal, Employee Representative from Punjab presented the case for enhancement of EOBI Pension up to Rs. 6000/- per month as announced by the Federal Government in its Budget for the year 2014-15. Chairman EOBI explained that Ministry of OP & HRD had forwarded a summary for the Prime Minister for enhancement of EOBI pension from Rs.3600/- to Rs.5000/- p.m which was returned by the Ministry of Finance with remarks “ A decision to this effect has not been reached as yet”. However, it is learnt that the summery has been re submitted and it is expected that a positive outcome may be received within few weeks.

34. Mr. Muhammad Asif, JS, OP& HRD expressed that minimum wages cannot be enhanced for the whole of Pakistan in post devolution situation and even if minimum wages are raised up to the extent of the Islamabad Capital Territory, such imposition in throughout the country might be challenged in the courts of law. He suggested that such a decision of pension raise in principle has already been recommended but there is viability gap as 6% contribution cannot sustain huge increase in pension. He said that 23% contribution is required to meet the gap in collection and pension disbursement at the proposed increase. He further said that this proposal has already been examined by Ministry of OP & HRD and it would not be prudent to approve increase without sustainability specially when EOB Act is frozen and Parliament cannot amend it due to abolition of concurrent list and transfer of subject to Provinces. Only option available to raise the pension is that the Federal Government may fund the gap.

35. Mr. Muhammad Ayub Shaikh, Chairman EOBI explained that High Court of Sindh has declared that any amendment made in EOB Act 1976 through Finance Bill was ultra vires and has been struck down. For the last time, minimum wages were enhanced up to Rs. 8000/ per month under the Minimum Wages Ordinance 1969. Because of this decision, many employers have started to make contribution on minimum wage of Rs. 6000/- instead of Rs. 8000/-. This decision of the honorable High Court has put the Institution in a very difficult situation and the contribution is being received at a lower minimum wages

from many large employers. Mr. Muhammad Asif, Joint Secretary Ministry OP & HRD was of the view that that Actuarial Valuation provides correct picture of fund position and the real situation which is not rosy but appears to be a black hole in the years to come.

36. Chaudhary Naseem Iqbal, Employees' Representative, Punjab enquired as to whether Actuarial Assessment was in line with income/expenditure as reflected in the budget. Chairman EOBI informed that income was slightly higher and expenditure was also slightly lower than actuarial assessment; which was a good sign.

37. Mr. Muhammad Iqbal, Employees' Representative KPK said that we have to see that from where funds are coming and we may try to benefit those who are contributors of the fund.

38. Mr. Muhammad Ayub Shaikh, Chairman EOBI further informed that a request of the Institution is also pending in the Ministry of OP & HRD for issuance of notification of revised minimum wage since few months. Similarly, regularization of increase of minimum pension up to Rs.3600/- is also pending in the Ministry of OP & HRD. He said that previous management had passed on this benefit of Rs. 600/- in anticipation of approval which is still awaited.

39. President of the Board desired that case of revision of minimum wage through Finance Bill might be well defended by the Institution in Honorable Supreme Court of Pakistan.

40. Chairman EOBI explained that Actuarial Valuation is a statutory requirement and no change in pension /benefit could be made unless sustainable and recommended by Actuaries based on their valuation. It was also a fact that the EOB Act 1976 was frozen and no amendments could be made in the EOB Act 1976. However Chairman EOBI informed the Board that during his next visit to Islamabad on 26/06/2014, he will meet Federal Secretary, Finance Division and will apprise him of the gravity of the situation and it is expected that with blessings of Allah SWT minimum pension enhancement could be made by 31<sup>st</sup> July 2014 by pursuing the Ministry of Finance to contribute the gap between Rs.3600/- and Rs.6000/- to EOB Fund. President of the Board opined that Board of



Trustees of EOBI was competent forum to enhance minimum pension. Mr. Sarzameen Afghani was of the view that minimum pension of EOBI pensioners had not been enhanced despite repeated requests made before the Board in the recent past.

41. President of the Board observed that if by 31<sup>st</sup> July 2014, the case of Pension enhancement from Rs.3600/- p.m. to Rs. 6000/- is not acceded to by Ministry of Finance the same may be considered by the Ministry of OPs & HRD for revision and issuance of notification.

42. Mr. Farhan Aziz Khawaja, Secretary, Labour Department, Government of Punjab suggested that in order to understand actuarial report, being a highly technical document, it was necessary that all members of Board may formally be circulated with latest Actuarial Report for their perusal. The Actuary may also be requested to give a briefing to members of the Board in next Board meeting for detailed discussions and better understanding of Actuarial Report and its complexities. Mr. Shouket Ali, Employee Representative Sindh also supported the idea of having a detailed briefing from the Actuary. Chaudhary Naseem Iqbal was of the view that a simple chart may be prepared by the Actuary for easy understanding of the actuarial report and its dynamics.

43. President and the members of the Board appreciated the enhanced collection of contribution by the Institution to the tune of 24% during current financial year as compared to the corresponding previous year.

44. Mr. Fida Muhammad desired that targets of regions may be fixed on the basis of reality of current situation, where no rate of contribution or minimum wages have been raised but the contribution targets for the year 2014-15 have been proposed to be raised by 25%. He proposed that a thorough study may be carried out before fixing targets for next financial year. Mr. Fida Muhammad desired that while setting justified targets for the regions, it may be specified as to what efforts are expected from regions and while analyzing the performance it must be kept in mind as to what specific efforts were made in different areas of activity by the Regional Offices and the Institution. Mr. Farhan Aziz Khawaja added that good efforts of officers of the Institution may be recognized. Chairman



EOBI explained that a third party survey is being planned to unearth the unregistered establishments and it is expected that through this survey; unregistered units could be registered besides unearthing the cases/units where employees' number is under declared.

45. Malik Tahir Jawaid Employer Representative from Punjab appreciated the good performance of the Institution and of Chairman, EOBI and his team. He said he is associated with Lahore Chamber for quite a long time. He confessed that ratio of complaints against officials of EOBI has drastically gone down, which is a very healthy sign for improving the tarnished image of the EOBI. He proposed that an amnesty scheme to encourage the employers to join EOBI may be introduced as had been introduced by Punjab Employees Social Security Institution. He said that employers were scared of providing information of employees and therefore, amnesty scheme was all the more important to be introduced by the Institution.

46. Mr. Shouket Ali, Employee Representative Sindh was of view that Institution must collect names of employees as at present employers make the payments but do not provide names of persons employed by them. Chairman EOBI explained that currently Institution has collected data of 1.78 million employees based on CNIC out of 3.20 million registered IPs and efforts are underway to bring 100% data on FS system of EOBI.

47. Malik Tahir Jawaid appreciated the efforts of Chairman EOBI in collection of information in respect of employees from the employers and his visits to various regions to boost collection and disbursement of pension.

48. President of the Board desired that figures regarding pendency in pension claim cases may be provided for information of the Board. Mr. Muhammad Ayub Shaikh, Chairman EOBI explained that in beginning of year 2013-14 pendency of claim cases was 3646 whereas during current financial year 35242 cases were received and settled while presently 3966 cases are under process which mainly falls in the bracket of 30 days time limit and asserted that all pending claims shall be settled within 30 days. Chaudhary Naseem Iqbal informed the Board that pensioners are not handled properly at lower level by officials of the Institution. Mr. Muhammad Ayub Shaikh, Chairman EOBI informed the Board that the



mechanism of pension settlement was in place and numbers of Appeals before Appellate Committee of the Board have reduced to a great extent which is an indicator that pension cases are being settled promptly by the Institution. He further informed that lodging of pension claims has been computerized and every claim is registered on real time basis to ensure timely disposal on queue basis.

49. Dr. Muhammad Yousuf Sarwar, Employers' Representative KPK in his observation said that in some cases it has been reported that one pensioner is receiving three pensions at one time. DG (OPs) (South) explained that in some cases a single individual with same name & CNIC is receiving two pensions, this was because a single person may simultaneously have his own Old-Age Pension and also Survivors Pension of his wife. However, three pensions need to be looked into reconciled and stopped. Mr. Muhammad Ayub Shaikh, Chairman EOBI informed the Board that EOBI has a good IT solution in place which has been appreciated by World Bank, along with SECP and FBR. He further explained that in recent past EOBI was awarded Corporate Excellence Award in the public sector, as well as CEO Excellence Award for Chairman, EOBI (in person).

50. Mr. Farhan Aziz Khawaja, Secretary Labour Department, Government of Punjab said that European Union Markets have recently been opened to Pakistan after GSP Plus dispensation which in itself will require employers to provide information of their employees, if the employers want to become compliant to standards set forth by European Union or any other international agency, hence the day is not far from when employee information will automatically come to EOBI with maximum registration.

51. Mr. Fida Muhammad, Financial Advisor Ministry of OP & HRD desired that reconciliation of TMFBL, NBP, and NADRA was a major issue and must be addressed on top priority by the management of EOBI. Chairman explained that he himself was monitoring reconciliation process and 85% of reconciliation has been completed, while the rest will also be completed soon.

**Decision:**

52. Board resolved and recommended to adopt Rs.6000/- as minimum pension w.e.f. 1<sup>st</sup> July 2014 as announced by the Federal Government and allowed Chairman,



EOBI to pursue Ministry of Finance by 31<sup>st</sup> July, 2014 and make a concerted effort to get the financial support as per announcement made by the Finance Minister to increase the pension to Rs.6000/- w.e.f. July 2014. In case the efforts do not yield any positive result the Ministry of OP & HRD shall process the case for notification of increase in accordance with law/rules. The notification is to be issued by September,2014.

#### Ex-Agenda Item-2

Resignation by Mr. Muhammad Tariq Rafi from Convener ship of Investment Committee.

53. Mr. Shouket Ali, Employees' Representative, Sindh pointed out that Mr. Muhammad Tariq Rafi, Employers' Representative Sindh is working as Convener of Investment Committee of the Board. He further informed that Mr. Tariq Rafi previously requested the Board to get him relieved from responsibilities of Investment Committee owing to his pre occupation however, on unanimous insistence of the Board he agreed to continue with his assignment till 30<sup>th</sup> June, 2014. Mr. Shouket Ali proposed that in consideration of present working of Investment Committee of the Board, Mr. Muhammad Tariq Rafi may once again be requested to continue till 31<sup>st</sup> December 2014. President of the Board added that continuation of Mr. Muhammad Tariq Rafi till end of current calendar year appears appropriate. All members of the Board appreciated and agreed with suggestion of Mr. Shaukat Ali and also appreciated the concern of President of Board and unanimously requested Mr. Muhammad Tariq Rafi to continue. Mr. Muhammad Tariq Rafi said that despite his personal commitments he cannot say no to all members and agreed to continue as convener of Investment Committee of the Board till 31<sup>st</sup> December 2014.

#### Decision

54. The Board resolved that Mr. Muhammad Tariq Rafi shall continue as convener of Investment Committee of the Board till 31<sup>st</sup> December 2014.

55. The meeting ended with a vote of thanks to the Chair.

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