EMPLOYEES' OLDAGE BENEFITS INSTITUTION,
BOARD SECRETARIAT, HEAD OFFICE, KARACHI.

Ref: HO/BS/84th Mtng/App.Min/2009/ 64 Dated 23 07 2009

All Departmental Heads,
EOBI, Head Office,
Karachi.

SUBJECT: **APPROVED MINUTES OF 84th BOT MEETING.**

Enclosed please find herewith a copy of approved minutes of the 84th BOT Meeting held on 25th June, 2009, received from President BOT/Secretary, Ministry of Labour, Manpower & Overseas Pakistanis (Labour & Manpower Division), Islamabad vide letter No. 1(2)/2008-EOBI dated 20-07-2009, for your perusal and record.

2. The compliance report on the decisions of the Board, taken in the above meeting, may please be sent to this secretariat within Seven day after the receipt of this letter.

(Mushtaq Ahmed Sammu)
Secretary BOT, EOBI.

Encl: As above.
c.c.to:

1. SO to Chairman for information.
2. PS to FA/DG(F&A) for information.
3. Office file.
4. Master file.

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42/117

BY UMS/9-C-5

Government of Pakistan
Ministry of Labour and Manpower

No. 1(2)/2009-EOBI

Islamabad the 20th July, 2009

To

The Chairman,
Employees' Old-Age Benefits Institution,
Head Office, Karachi.

EOBI Chairman's Secretariat
Dy. No. 3073
Date: 21-07-2009

Subject: **APPROVED MINUTES OF 84th BOARD OF TRUSTEES MEETING HELD ON 25.6.2009 AT ISLAMABAD**

I am directed to refer to EOBI letter No.HO/BS/84th BOT Mtng/2009/55 dated 08.07.2009 on the above cited subject.

2. Please find enclosed herewith minutes of the 84th Board of Trustees meeting as approved by the President, BOT/ Secretary, Ministry of Labour and Manpower for information and further necessary action.

Encl: As Above

Mukhtar
(Mukhtar)
Assistant Chief

Secy. BOT

Chairman Seen the minutes please circulate accordingly.

Amin Khan

MINUTES OF 84TH MEETING OF THE BOARD OF TRUSTEES OF EOBI HELD ON 25-06-2009 AT ISLAMABAD

The 84th meeting of the Board of Trustees of EOBI was held at 10:30 A.M. on 25th of June, 2009 in the Committee Room of Ministry of Labour & Manpower, E-Block, Pak Secretariat, Islamabad, to consider the following agenda:-

S.#	AGENDA ITEMS
01.	To consider and confirm the minutes of 83rd meeting of the BOT
02.	To Consider and Approve the Revised Budget Estimates For The Financial Year 2008-09 and the Proposed Budget for the Financial Year 2009-10.
03.	To Consider and Accord Ex-Post Facto Approval of BOT for the Contribution of Rs.100,000,000/- (Rupees One Hundred Million) to the Prime Minister's Relief Fund for the Malakand IDPs as per Directives of the Ministry of Labour & Manpower vide their O.M. No.7(9)/2009-EOBI dated 12-05-2009.

04. **ANY OTHER AGENDA ITEM WITH PERMISSION OF THE CHAIR**

4(i)	To Consider the Revision of Investment Income on Defense Saving Certificates in Audited Accounts for the Financial Year 2006-07 and 2007-08.
4(ii)	To Consider and Approve the 15-20% Ad-hoc Interim Relief for the Employees and 15-20% Increase in Pensions for the Retired Employees.
4(iii)	To Consider Revision of Air Tickets and Hotel Entitlement and Payment of Meeting Fee for Attending the Board and its Committees Meetings.
4(iv)	To Consider Assets Allocation for the Financial Year 2009-10

2. Malik Asif Hayat, Federal Secretary, Labour & Manpower presided over the meeting. The following attended the meeting:

1. **Malik Asif Hayat,**
   Secretary, Labour & Manpower — President BOT
2. **Mr. M. Asadullah Sheikh,**
   Chairman EOBI — Member
3. **Mr. Shahrukh Nasrat,**
   Joint Secretary, Labour (LW) — Member
4. **Mr. Tahawar Ahmed,**
   Financial Advisor, Labour & Manpower — [illegible]
5. **Mr. Umer Khan Babar,**
   Secretary, Labour, Blouchistan — Member
6. **Mr. Alam Dil Palla,**
   Secretary, Labour, Sindh — Member
7. **Mr. Abdul Rauf Khan,**
   Secretary, Labour, Punjab. — Member

[signature]
LEGISLATIVE
Legislative Chief
Ministry of Labour & Manpower
Government of Pakistan
Islamabad

8. **Mr. Shah Wali Khan,**
Secretary, Labour, N.W.F.P. — Member
9. **Mr. Habibuddin Junaidi,**
Employees' Representative, Sindh — Member
10. **Malik Imtiaz Mehfooz,**
Employees' Representative, Balouchistan — Member
11. **Mr. Gul Rehman,**
Employees' Representative, NWFP — Member
12. **Syed Imran Ali Shah,**
Employees' Representative, Punjab — Member
13. **Syed Iqbal Shah,**
Employers' Representative, Balouchstan — Member
14. **Mr. Mushtaq Ahmed Sammo** — Secretary, BOT.

3. Mr. Iqbal Dawood, Employers' Representative, Sindh, Mr. Ijaz Qayyum Butt, Employers' Representative, Punjab and Malik Zahid Hussain, Employers' Representatives, NWFP could not attend the meeting. Mr. Farooq Ahmed Awan, Investment Adviser, Mr. Muhammad Hanif, Ofg. Director General (Ops), Mr. Abdul Majeed, Acting DG (F&A), and Mr. Wasi Haider, Assistant Director (Investment) attended the meeting to assist the BOT/Chairman.

4. The meeting commenced with recitation from Holy Quran. Secretary BOT started the proceeding with the permission of the President BOT, as per agenda.

Agenda Item No.1.

TO CONSDIER THE CONFIRMTION OF THE MINUTES OF 83rd METING OF BOARD OF TRUSTEES.

5. Secretary BOT informed that minutes of the 83rd BOT meeting had already been circulated to BOT Members. No written objection from any member had been received. When President BOT invited the members for any observation on the minutes, Mr. Gul Rehman the Employees' Representative NWFP forwarded following observations/suggestions:

(i) The Convener of BOT committees need to be changed by allowing Employers' Representatives and Employees Representatives, on rotation basis.
(ii) In case of death of the Widow of the pensioners, the disabled children may also be allowed the right of Survivor Pension.
(iii) Seasonal Workers period of Employment during each season which is Less than one year be considered as full one year for the purpose of insurable employment period.

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(iv) The Minutes of the Meeting may also be circulated in Urdu Language.

6. As for 5 (i), the Secretary Board informed the Board that as per the decision of the BOT in its 83rd meeting held on 27-03-2009, on the recommendations of the members of the Board, the Secretary, Ministry of Labour & Manpower/President BOT had constituted the Investment Committee, Audit Committee, HR Committee and nomination of BOT members on the Board of Directors of the PRIMACO as communicated vide Ministry of Labour & Manpower O.M. No. 1 (1)/2009-EOBI dated 02-05-2009. As regards the change of the Conveners of the committees the President BOT informed that the Committees may continue as notified for at least one year i.e. upto May, 2010 and after that the matter may be reviewed. Accordingly, the committees as notified were confirmed by the Board. The Secretary BOT further informed that apart from the above committees, two more BOT committees i.e. the Committee for hearing the appeals under Section 35 of the Act and the Service Appeals Committee to hear appeals under Section 33 of EOBI (Employees Service) Regulations, 1980 also need to be constituted by the BOT. The President of the BOT informed the members of the BOT that in these committees employers' and employees' representatives are from the concerned provinces. **Accordingly, the BOT decided that the following two committees as already constituted and working with the following composition will continue under the reconstituted BOT.**

(I) <u>SERVICE APPEALS COMMITTEE TO HEAR APPEALS UNDER SECTION 33 OF EOB SERVICE REGULATIONS, 1980:</u>

1.	**Federal Secretary Labour/President BOT:**	**Convenor.**
2.	**Secretary Labour (of the province concerned):**	**Member.**
3.	**Employers' Representative (of the province concerned):**	**Member.**
4.	**Employees' Representative (of the province concerned):**	**Member.**

(II) <u>COMMITTEE FOR HEARING APPEALS UNDER SECTION 35 OF THE EOB ACT 1976:</u>

1.	**Chairman EOBI:**	**Convenor.**
2.	**Secretary Labour (of the concerned province):**	**Member.**
3.	**Employers' Representative (of the concerned province):**	**Member.**
4.	**Employees' Representative (of the concerned province):**	**Member.**

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7. **The quorum requirement for all the BOT committees would be the same as decided in the 3rd emergent meeting of the BOT held on 05-12-2001 which is reproduced below:**

> ***"The quorum of each committee would be 2/3 of the members provided that if at any meeting the quorum is not present, the Convenor may adjourn the meeting to a later date informing the members present and notifying other members that the business of the adjourned meeting will be disposed off, irrespective of there being a quorum, and it shall thereupon be lawful to dispose off the business at such rescheduled meeting irrespective of the number of members attending".***

8. In case Convenor is not present in any of the meetings of the BOT Committees and the quorum otherwise is complete, the members present may elect a Convenor from amongst themselves.

9. As for 5 (ii) and (iii), the Secretary, Punjab while discussing the insurable period for the insured person pointed out that Seasonal Workers are usually engaged in other profitable occupations to earn their wages/remuneration during the off season period. Therefore, season can not be considered a full year, as neither employees work during the period nor his contribution is paid for the said period. He also suggested that practices in Social Security and other government departments may also be studied. Mr. Gul Rehman responding to his observation requested that institution may consider the issue on the basis of humanitarian grounds and we may not involve legal implications, he further emphasized that the intention of the EOB legislation was to provide benefits to the poor worker class therefore procedures be simplified to facilitate the Insured Person (IP). The Financial Advisor M/O Labour Mr. Tahawar Ahmed sharing the discussion pointed out that the key question involved in the matter is the collection of contribution for the off season period which in case of seasonal Worker is not paid by his employer. Therefore, a system may be evolved whereby the required contribution for the entire period be deposited either by the employer voluntarily or by the employee himself, so that the Institution may not be deprived of its due contribution.

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10. The Board after due deliberations decided that a comprehensive working paper on the issue be prepared by EOBI in consultation with the Actuary. The paper should contain a list of options to address all legal financial and operational issues and the same shall be placed before the next BOT meeting for further deliberations.

11. The President BOT invited further observations from the members. Mr. Tahawar Ahmed, the Financial Advisor observed that the minutes of 83rd BOT meeting reveal that a number of posts of EO's had been upgraded to the level of AD's, which need clarification, especially in view of substantial financial implications. He further observed that the Assets Allocation decided in the 83rd BOT meeting also need to be revisited. Mr. Habibuddin Junaidi pointed out that the Selection/Promotion Committees of the institution have no BOT Representatives which is not justified. He suggested that members of the BOT may also be inducted in these committees.

12. The Secretary BOT clarifying the observation regarding the up-gradation of EO stated that the up-gradation of EOs was not considered in a single meeting. As a matter of fact this issue being part of the restructuring process of the Institution had been dealt in more than five to six BOT meetings. The issue had thoroughly been discussed with all concerned departments. After examining and considering all the rules, regulations and related papers, Board decided that entry in the Institution in Officer Cadre would be in Grade-7. He further clarified that a percentage was also allowed for the promotion of staff members from grade-5 to 6, as EO. He said copies of those minutes of the meetings are available and can be furnished to members, if so desired.

13. As regards to the induction of BOT members in the existing Promotion/Selection Committee, he clarified that all these committees have been constituted in accordance with the provisions of EOBI (Employees' Service) Regulations 1980, and in pursuance of the directives of the Government from time to time. The Financial Advisor and the Secretary, Labour Punjab also seconded that there is no provision in Government and other Corporations to induct Board Members in Promotion/Selection Committees as BOT is a policy making body.

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14. Mr. Imtiaz Mehfooz, Employees' Representative Baluchistan enquired about the details of deputationists working in the Institution. He also provided a letter containing further observations. Syed Imran Ali Shah enquired about the employment structure of PRIMACO, the terms and conditions of the employment and their pay packages. Mr. Gul Rehman Employees' Representative NWFP also enquired about the same and wanted to know the reason for establishing a new company.

15. **The Board after due deliberation on these observations decided that Secretary Board will provide a list of all deputationists working in the Institution with full details in the next BOT meeting. Board further decided that in case if any Honorable Member has any observation in respect of activities of the Institution or any proposal for the betterment of the scheme or the Institution, he may address a written proposal/opinion/suggestion whatsoever it may be, to the Secretary Board who will submit to the President with his comments to include the same in the agenda of BOT meeting. It was also decided that a comprehensive briefing shall be arranged by the PRIMACO in the month of July to apprise members of the Board about the structure and responsibilities of the PRIMACO, with full details of terms and conditions and pay packages of employees.**

16. **There being no other objection, the Board confirmed the Minutes of the 83rd BOT Meeting.**

17. At this stage President BOT/Secretary Labour and Manpower left the meeting as he was called immediately to attend the National Assembly Session in respect of Federal Budget Meeting. Mr. Habibuddin Junaidi the Employees' Representative Sindh was requested to preside over the meeting. He accordingly chaired the meeting up till President BOT re-joining.

Agenda Item No.2.

TO CONSIDER AND APPROVE THE REVISED BUDGET ESTIMATES FOR THE FINANCIAL YEAR 2008-09 AND THE PROPOSED BUDGET FOR 2009-10.

18. The Board then took up consideration of budgetary proposals for the financial year 2008-09 (revised) and 2009-10 (proposed). The Secretary BOT invited the acting

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Director General (F&A) to present the Budget. The acting Director General (F&A) initiating the discussion on the subject informed the Board that the members of Audit Committee in their meeting on 23-6-2009 had thoroughly discussed budgetary proposals and submitted their recommendations to the Board which have also been circulated in the Board meeting. He invited attention of the Board members to Annexure-A of the circulated recommendations and commenced with the approved contribution income and revised estimates for 2008-09 and proposed income for 2009-10.

A. Contribution income for 2008-09 (Revised) and 2009-10 (Proposed)

19. The approved contribution income for the financial year 2008-09 was Rs.8.00 Billions. However, the Director General (Operations) requested for approval of Rs.7.00 Billions as revised estimates for 2008-09 in view of the adverse economic conditions prevailing all over the country. However Mr. Imran Ali Shah, employees' representative (Punjab) contested the claim and stated that the target could easily be achieved had the Regional Offices of the Institution functioned in a better way and evasion was controlled. He elaborating upon the issue mentioned a number of instances and claimed that the registered number of workers in these establishments was much less than the actual number of workers employed by the establishments. He further claimed that Regions are not performing their duties and have no respect for the Board members. He mentioned that when he required information regarding the registration of establishments and the number of employee registered in these establishments, the response of the region was very discouraging. He claimed that most of the Brick Klins having more than required employees were not registered. The employees' representative Baluchistan Mr. Imtiaz Mahfooz also pointed out that in the same manner mine workers are not registered in Baluchistan. He referred the specific area of the Chamalong.

he should make such things available on the internet.

20. The Board expressed its dissatisfaction over the performance of the Institution in collection of contribution and allied activities and noted that Regional Offices need improvement to maximize the contribution income and achieve the targets given by the Board.

21. The Chairman EOBI responding to the observations replied that there are practical difficulties for increase of the contribution income and the Institution has taken

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all possible measures to increase the contribution. He referring the observations of the Board members assured that all possible efforts shall be taken to satisfy them.

22. The President BOT categorically mentioned that performance of the institution during the year in collecting combination was not up to the marks and regional offices are required to improve their performance drastically to have maximum number of employees registered so that contribution is accordingly made available to the institution. Some Board members have volunteered to provide necessary information to the regional heads where workers are being concealed in establishments. All necessary help in this regard would be accorded by the regional heads and a proper follow up as per rules and SOP laid down shall be followed.

23. After detailed discussion the Board approved the contribution target as follows

	Contribution Income	IPs Registration	Employers Registration
2008-09 Revised	**7.00 Billion**	**225,000**	**4,000**
2009-10 Proposed	**8.00 Billion**	**140,000**	**8,400**

24. The performance of each regional head may be viewed against contribution collected and No. of IPs registered for award of honorarium for 2008-09 as per laid down criteria which should be fair and transparent. After disbursement of honorarium details will be submitted to the BOT.

25. The Board also directed that the contribution collection position with region wise target allocation and achievement up to December 2009 be placed for its review and revision, if warranted.

B. Investment Income

26. While reviewing the investment income for the financial year 2008-09 (Revised), the Board noted that the approved investment income was Rs.27.961 Billion while the revised estimates were Rs.19.358 Billion showing a decrease of over Rs.8.603 Billion i.e. 30% over the approved budget. The acting Director General (F&A) explained that the decrease was mainly due to the following reasons:

i. **Decrease of Rs.3.35 Billion in revised estimates on account of government**

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securities income viz a viz profit estimated.

ii. **Provision of Rs.6.00 Billion in 2008-09 budget reflecting decrease in share prices during 2008-09 to comply with IAS-39 to value securities at their fair values at the year end.**

iii. **No income on account of capital gains on shares due to depressed market conditions and no trading against Rs.1.6 Billion approved for 2008-09.**

27. The Board noted with concern that the funds of the Institution as per revised estimates for 2008-09 are Rs.148.439 Billions as against approved budget of Rs.170.264 Billion showing a decrease of Rs.21.825 Billion or 13% below approved budget.

28. The matter was discussed in detail and it was decided that before approval of the revised budget estimates for 2008-09 and proposed for 2009-10 in respect of investment income the matter of revision of DSCs Income in Audited Accounts for 2006-07 and 2007-08 may be referred to the office of the Director Commercial Audit and the information submitted by the Institution may be got verified and confirmed by them before the Investment Income Proposals are approved by the Board.

29. Accordingly the Board directed that the DSCs. Income revision in Audited Accounts for 2006-07 and 2007-08 matter may be referred to the office of Director Commercial Audit and the matter may be placed before it in its next meeting with the report of the Director Commercial Audit for its consideration and approval of the investment income budget estimate for 2008-09 (Revised) and 2009-10 (Proposed).

C. **Benefits Payments**

30. **The Board approved the budgetary proposals for benefits payments of Rs.6.234 Billion for 2008-09 (Revised) and Rs.6.769 Billion for 2009-10 (Proposed).**

D. **Management Expenses**

31. While going through the details of the human resource cost amounting to Rs.574.335 Million for 2008-09 (Revised) and Rs.701.286 Million (Proposed) for 2009-10, the Financial Advisor (Labour) enquired about the increase of Rs.126.951 Million in proposed Budget for 2009-10 over the revised estimates. The acting Director General (F&A) informed that this contains the provision for increase of 15-20% in salaries of the

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employees as announced by the Federal Government and the provision for the annual increments and vacant positions. The Financial Advisor (Labour) also referred to the minutes of the meeting of the members of Audit Committee in which Joint Secretary (LW) had made some observations on the allowances and perquisites admissible to the employees e.g. Leave Encashment, Head Office Allowance, Transportation Allowance to Field Officers, etc and enquired whether these have the approval of the Finance Division. The President Board also stated that while approving the enhancement in the salaries of the employees earlier the Finance Division had directed that allowances and perks of the employees of the Institution may be got approved from the Finance Division. The Secretary BOT informed that the Board had constituted HR Committee for the purpose and in the meeting of the members of the Audit Committee it was also recommended that the allowances and other perquisites admissible to the employees of the Institution may be brought before the HR committee of the Board for review and recommendations.

32. While going through the office expenses, the Board noted that the members of the Audit Committee had not recommended Rs.61.2 Million in the budget for the financial year 2009-10 on account of repair and maintenance of the buildings. Mr. Imran Ali Shah, Employees' Representative (Punjab) explained that during the audit meeting this matter was not made clear to the members and as such these expenses were kept for consideration and approval of the Board. The President BOT clarified that these expenses were incurred by PRIMACO with the prior approval of the EOBI and are part of the EOBI budget. Being satisfied with the clarification the Board approved the repair maintenance budget of the buildings as proposed by the Institution, with the direction that future PRIMACO budget may also be attached with EOBI Budget for information of the Board. The Board further directed that in order to properly reflect the rental income of EOBI House (Ex. Awami Markaz) being managed by PRIMACO on EOBI behalf, the rental income on notional basis in respect of the space occupied by various EOBI Departments may also be reflected in PRIMACO budget.

33. **Accordingly, the Board approved the management expenses of Rs.932.64 Million for the financial year 2008-09 (Revised) and Rs.1,040.484 Million for the financial year 2009-10 and directed that the details of the allowances and perks of the employees be submitted for approval of the Finance Division.**

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E. **Capital Expenditure**

34. The Institution proposed Rs.7.36 Billion on account of capital expenditure for the financial year 2008-09 (Revised). However, the members of the Audit Committee in their meeting on 23-6-2009 had not recommended for approval of Rs.7.289 Billion on account of investment in real estate and construction to be made through PRIMACO.

35. The matter was discussed in detail and the Employees' Representative (Punjab) was of the view that this needs in depth analysis in view of the substantial funds involved. **After detailed discussion the Board decided that the budgetary provisions may be kept as proposed by the Institution as a provisional measure so that the on going projects of the PRIMACO are not adversely affected and directed that till then contractors' bills within the project's costs approved by the BOT may continue to be reimbursed to PRIMACO by EOBI. However, the matter will be placed before the Board in its next meeting for final approval.**

36. **Accordingly subject to above, Board provisionally approved Capital Budget for 2008-09 (Revised) of Rs.7.36 Billion as proposed and Rs.6.873 Billion for 2009-10 (Proposed) as against Rs.6.882 Billion proposed by the Institution making deduction of Rs.9.3 Million under the heads of furniture and fixtures and office equipment.**

37. **The detailed statement of the approved budget 2008-09 (Revised) and 2009-10 (Proposed) are placed at Annexure-A.**

Agenda Item No.3.

TO CONSIDER AND APPROVE EX-POST FACTO APPROVAL OF BOT FOR THE CONTRIBUTION OF RS.100,000,000/= (RUPEES ONE HUNDRED MILLION) TO THE PRIME MINITERS' RELIEF FUND FOR THE MALAKAND IDPS AS PER DIRECTIVE OF THE MINISTRY OF LABOUR AND MANPOWER VIDE THEIR O.M.NO.7(9)/2009-EOBI DATED 12-05-2009.

38. The Secretary BOT apprised that Ministry of Labour & Manpower, Government of Pakistan advised the Institution to contribute Rs. 100,000,000/= (Rupees One Hundred Million) from EOBI Fund for Internally Displaced Persons (IDPs). Accordingly an amount of Rs.100,000,000/= was released on 12-05-2009 and cheque of the said amount

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was sent to the Ministry of Labour & Manpower to present the Prime Minister of Pakistan by Minister for Labour & Manpower.

39. Since, the amount was not provided in the budget for the Financial Year 2008-09 the BOT was requested to approve Rs.100,000,000/= as additional budget for 2008-09 and accord Ex-Post Facto approval of the disbursement.

40. Mr. Gul Rehman the Employees' Representative, NWFP pointed out that there is no provision in EOB Act which may provide such generous disbursement of the Fund which is other than for the purpose of the Act. He further said that the fund is to be used only for the betterment of the pensioners and no one is more deserving than the pensioners. He also showed his concern that while disbursing such a huge amount members of the Board had not been taken in to the confidence. Mr. Imtiaz Mehfooz Employees Representative Baluchistan also seconded him.

41. Secretary BOT referring the provisions of EOB Act 1976 apprised the Board that Section 6 of EOB Act provides that Board is empowered to take all decisions concerning the Institution and the implementation of the scheme. However in case of the policy decisions Board is obliged to obtain the guidance from the controlling Ministry. He further stated that in this matter Ministry in consultation with the Honorable Minister Labour had already advised the Institution to disburse the same. The President BOT accordingly advised the Institution and the same were disbursed on the advice.

42. The Chairman EOBI explaining the entire proceedings informed that since it was a noble cause and a matter of urgent decision, therefore, on the guidance of the Ministry and the advice of the President BOT, Institution disbursed the amount. He further informed that in the same manner other departments and organizations had also disbursed such funds. He emphasized that it was not the first time that Institution had contributed for such cause. He very categorically mentioned that Institution had all regards and respects for the Honorable Members and there was no intention behind the deed to conceal it from the members. The only problem was the urgency and lack of time.

43. Mr. Tahawar Ahmed the Financial Advisor and the Secretary Labour Punjab also opined that EOB Act 1976 does not provide any provision for such contribution. However they admitted that the cause was noble and matter was also urgent. They

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however suggested that since disbursement had already been done therefore BOT has to regularize the same. Seyd Imran Ali Shah Employees' Representative Punjab and Syed Iqbal Shah Employers' Representative Baluchistan seconded them.

44. **After a lengthy discussion the Board decided to regularize an amount of Rs 100.00 million as an additional budget, as it was not allocated in the Budget Estimates for financial year 2008-2009. The Board also decided that in future no such disbursement shall be made without the prior approval of the Board which would be mandatory in all such matters.**

ANY OTHER AGENDA ITEM NO.4 (i).

REVISION OF INVESTMENT INCOME ON DEFENSE SAVING CERTIFICATES (DSC) IN AUDITED ACCOUNTS FOR THE FINANCIAL YEARS 2006-07 & 2007-08

45. The acting Director General (F&A) drew the attention of the members to the para VIII of the Annexure-A of the minutes of members of Audit Committee circulated under which an adjustment of Rs.5.57 Billions was proposed in Audited Accounts for 2006-07 and 2007-08 on account of over stated DSCs income. He mentioned that the matter was discussed in detail in the meeting of the members of the Audit Committee on 23-6-2009 and Mr. Adnan Zaman, Senior Partner, M/s Owais Haider Liaquat Noman, Chartered Accountants also invited to clarify the position. After detailed discussion, the following recommendations were made by members of Audit Committee for consideration of Board:

(i) **The Audited Accounts for 2007-08 may be revised incorporating the changes as communicated by the external auditors vide their letter No. Nil dated June 17, 2009 placed at Annexure-G of the working paper.**

(ii) **The internal check & balance procedures may be improved so that such mistakes may be avoided and if occurred may be detected in time.**

(iii) **In order to improve the check & balance procedures, the F&A and Internal Audit Departments may be strengthened so that professional people are inducted at competitive salary package as the Institution can not afford such misstatements in the Audited Accounts.**

(iv) **For retention/removal of auditors, the matter may be placed before the Board for decision in the matter.**

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46. The President BOT enquired whether this revision will affect the funds of the Institution. The acting DG(F&A) replied that this adjustment will result in decrease of EOBI Fund by the same amount. He also stated that Mr. Adnan Zaman had been invited to brief the Board. Accordingly Mr. Adnan Zaman was called and he briefed the Board about the nature of the misstatement in audited accounts and stated that the investment income of DSCs was provided to them by investment department and after their concurrence, the same were incorporated in the draft financial statements by the finance department which were duly initialed by them according to him all three i.e. Investment Department, Finance Department and Statutory Auditors share the responsibility for the error. The acting DG (F&A) was of the view that once the investment income figure was agreed between investment department and auditors, the finance department had no reason to recheck it before the same was incorporated in the books which was duly done as per usual practice. The Investment Advisor presented the alternative methods of the recording of the investment income and stated that in the end the maturity value of the DSCs remains the same. It was a reporting error wherein profit on DSCs which were recorded in earlier years on the recommendations of the external auditors to comply with IAS-39 was again recorded in the books and this error came to light when the budgetary estimates for the financial year 2008-09 (Revised) and 2009-10 (Proposed) were being prepared in the Investment Department.

47. The Financial Advisor (Labour) Mr. Tahawar Ahmed observed that this is a very serious issue and such a material adjustment in the Audited Accounts needs to be checked by a neutral agency which was agreed to by the President BOT.

48. Accordingly after detailed discussion it was decided that the matter may be referred to the office of Director Commercial Audit for their verification and confirmation of the adjustment in audited accounts. In view of the importance and urgency of the matter, the President BOT directed that the reference may be made immediately without waiting for the approval of the minutes of the meeting and the matter may be placed before the Board in its next meeting alongwith the report of the Director Commercial Audit for its consideration. Till then, signing of audited accounts for 2007-08 by the BOT members/President BOT may be kept pending.

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AGENDA ITEM NO.4(ii).

TO CONSIDER AND APPROVE THE 15-20% ADHOC INTERIM RELIEF FOR EMPLOYEES AND 15-20% INCREASE IN PENSION FOR THE RETIRED EMPLOYEES.

49 The Board was apprised that in the course of National Budget for the Financial Year 2009-10 ad-hoc interim relief @ 15% to 20% was approved for the Government employees and the pensioners of the Federal Government w.e.f. 1st July, 2009. It was further clarified that according to the announcement employees in Grade 1-16 will be allowed 20% Ad-hoc Interim Relief and employees from Grade 17-22 will be allowed 15% increase. Apart from the increase of 15 to 20 percent in the salary of serving employees, 20% increase in net pension of the retired Government servants has also been allowed who have retired 10 years ago or earlier and 15% increase has been allowed to all other pensioners' w.e.f 1st July, 2009.

50. Secretary BOT further apprised that the employees of Pubic Sector, Corporations and Autonomous Bodies are granted this increase after the recommendations of their designated Boards which would be sent thereafter to the Finance Division for approval. As for pensioners the increase is disbursed after approval of the Board as per Regulation 56 of EOBI (Employees' Pension & Gratuity) Regulations, 1987.

51. In view of above, the Board was requested to consider and recommend the increase in the salary of all serving officials of the Institution as admissible to the government employees and to approve the same for staff members and retired employees/pensioners of the Institution.

52. Mr. Gul Rehman, Employees' Representative NWFP observed that EOBI is an Institution established for the provision of Old Age Benefits to insured persons all over the country, therefore, it is not justified to recommend or allow proposed increase in the salary of the employees of the institution without considering any increase in the pension of the Insured Persons. He asserted that without considering their benefits, Board has no justification to recommend increase for Institution's employees. The Institution may first consider increase in the pension of the insured persons and then Board may allow increase for the employees of the institution. Mr. Imtiaz Mehfooz, Employees' Representative, Baluchistan also seconded him.

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53. The other members of the Board were also of the opinion that an amount of Rs.2000/- (Two Thousand Rupees) is not sufficient to cater the basic needs of the pensioners and recommended that their pension also need to be increased accordingly.

54. Secretary BOT clarified that the government has announced ad-hoc relief increase for government employees and institution had requested the Board to recommend in pursuance of directives the same relief to the employees of EOBI. As far as the proposals to recommend increase for the Insured Persons are concerned it requires amendments in the law and institution has to obtain professional advice from the Actuary as required under the law, before requesting the government for the same.

55. The Secretary, Labour Punjab supporting the contentions mentioned that such decisions need amendment in the Act, which requires comprehensive working paper prepared after due examination and consultation. The Investment Adviser Mr. Farooq Ahmed Awan proposed that a Sub-Committee be constituted which will discuss all the Legal, Financial and Operational aspects of the increase in the pension to the insured persons and recommend accordingly, so that a formal request be placed before the government. Accordingly, **the Board decided to constitute a Sub-Committee to examine and to formulate recommendations for the increase in the pension of insured persons of all registered establishments. The following shall be the member of the Committee:-**

1.	**Secretary, Labour Punjab**	**Convener**
2.	**Syed Iqbal Shah, Employers Representative, Baluchistan**	**Member**
3.	**Mr. Gul Rehman, Employees Representative NWFP**	**Member**
4.	**Director General (Ops), EOBI**	**Member**

56. The convener of the sub-committee can co-opt any other member or officer of the institution if required. The committee will also obtain professional advice from the Actuary, in the matter.

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57. As for increase in salary and pension, the Financial Advisor Mr. Tahawar Ahmed however, observed that since the formal Notification by the government in this regard has yet to not been issued, therefore it is pre-mature to recommend this relief to the employees/pensioners of EOBI. He therefore suggested that Board may recommend the adhoc relief in line with the Government Notification, to be issued.

58. The Board therefore recommended 15-20% increase in salaries of all the serving employees of the Institution w.e.f. 01-07-2009 in line with the announcement/issuance of the notification by the Federal Government and directed that the case may be forwarded to the Ministry of Labour & Manpower for approval of the Finance Division.

59. The Board also approved 15-20% increase in pension of EOBI retired employees w.e.f. 01-07-2009 as allowed by the Federal Government as per Regulation 56 of EOBI (Employees' Pension & Gratuity) Regulation, 1987.

AGENDA ITEM NO.4(iii).

TO CONSIDER REVISION OF AIR TICKETS AND HOTEL ENTITLEMENT AND PAYMENT OF MEETING FEE TO THE MEMBERS ATTENDING THE BOARD AND ITS COMMITTEES MEETINGS.

60. The Secretary BOT referring the earlier decision of the Board informed that in 78th BOT meeting held on 05-06-2007 Board decided that in case of meeting of BOT and its Committees following facilities shall be provided:

a. Ceiling of the President, BOT and the Chairman of the EOBI will be Rs.12,000/- per day excluding tax, or on actual basis for a single room in a 5 Star hotel.
b. Ceiling for BOT members and Secretary BOT will be Rs.7000/- per day excluding tax, or on actual basis for a single room of a 4 star hotel/guest house/motel.
c. Cash payment will be allowed to the BOT Members for lodging up to rupees five thousand (RS, 5000/-) per night, if they decide to stay at their own.
d. Henceforth all BOT members and Secretary BOT will be allowed Rs.1000/- as Daily Allowance, instead of Rs.600/- for attending meetings of BOT and its Committees.

61. In view of the ever increasing inflations, Institution proposed to revise the entitlement in respect of payments to the Board Members/Secretary Board for attending

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the Board and its Committees meetings after considering the entitlements allowed by various semi government and autonomous organization like National Investment Trust Limited (NIT), State Life Insurance Corporation of Pakistan Limited (SLIC), Pakistan Steel Mills Limited (PSL) and Pakistan International Airlines (PIA), as follow:-

S.#	Head Of Payment	Proposed by EOBI
1.	Traveling	Economy Plus or actual (Payment/reimbursement on submission of tickets) In case of Road/Rail travel the actual shall before.
2.	Hotel Accommodation	i) President (BOT)/Chairman, (EOBI) 5 star single room at actual up to Rs.15, 000/- + Taxes per day. ii) MEMBERS. 5 star single room at actual up to Rs.10, 000/- + Taxes per day. iii) Own Arrangements. Rs.5, 000/- per day subject to maximum of Rs 10, 000/- per meeting.
3.	Meeting Fee	Rs.7, 500/- in lieu of Daily Allowance to cover the meals, laundry and misc. expenses.
4.	Local Transportation	Pick and Drop by official transport or Car Rental facility subject to payment / reimbursement up to Rs.3. 000 - per meeting.

62. **The President BOT/Secretary Labour & Manpower rejoined the meeting and presided over the session. He observed that at present there are two Boards functioning under the control of the Ministry for welfare of workers, the Board of Trustees of EOBI and the Governing Body of Workers Welfare Fund, therefore, it would not be appropriate to decide the entitlement of one of the Board without considering the other. He therefore advised that heads of the both Organizations sit together and rationalize the uniform entitlements of their respective Board members.**

63. He further referred to Section 6(2) of the EOB Act, which states that "in discharging of its functions shall be guided by such instructions and questions and policy as may be given to it from time to time by the Federal Government, which shall sole judge as to whether any instruction or a question and policy or not". Therefore, in view of the above provision of EOB Act the following TA/DA and other facilities for the Members of the Board of Trustees of Employees' Old-Age Benefits Institutions and its Committees is approved, which should be applicable w.e.f. 1.7.2009 till further orders.

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S.#	Description	Rate
1.	Air Ticket (Economy Class)	Actual (Economy Class)
2.	Taxi Charges	In case of road travel @ Rs.12/- per kilometer
3.	Daily Allowance	Rs 2000/- per night
4.	Hotel Charges for President (Board of Trustees)/ Chairman (Governing Body) and all members	Maximum Rs 10,000/- per night + all taxes if to be arranged by the concerned Department.
5.	Stay at one's own arrangement	Rs. 5,000/- per night.
6.	Meeting allowance	Rs. 5000/- per meeting
7.	Local Transportation	Pick and drop by official transport or Car Rental by the concerned Department.

64. It was however informed that all the members of Board of Directors of Overseas Employment Corporation are Islamabad based; therefore, the Corporation is paying nothing to them for attending the BOD meeting. Hence, status quo would be maintained for the OEC.

AGENDA ITEM NO.4 (iv).

TO CONSIDER ASSETS ALLOCATION FOR THE FINANCIAL YEAR 2009-10.

65. Secretary Board invited Investment Advisor Mr. Farooq Ahmed Awan who informed that Board in its last meeting decided allocation for the Years 2008-09 as follows:-

Description	Fixed Income		Equity	Real Estate	Total
	Corporate Fixed Income	Govt. Sect			
	60.50%		27.00%	12.50%	100.00%
% of Portfolio	1.21%	59.29%	27.00%	12.50%	100.00%
* 98% in Govt. & Govt. Guaranteed Securities and 2% in corporate Fixed Income with condition that the amounts not absorbed in the real estate have to be invested in Corporate Fixed Income.					

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66. He further informed that Board also directed that Assets Allocation for the Year 2009-10 would be reconsidered in the next budget meeting.

67. During the year FY20-08-09 until March, 2009 the equity asset allocation remained 25% of Port folio. The only equity investment undertaken in FY-08-09 was Rs.1.30 billion on the directives of Federal Govt. in NIT, Equity Market Opportunity Fund (EMOF), which was above the approved equity assets allocation of 25%. Thus, the Institution despite of heavy cash inflows from encashment of DSCs amounting to around Rs.44.00 billion (until March, 2009) could not invest in equity market though there were excellent market opportunities in terms of prices and volumes.

68. The bulk of these cash flows had to be invested in Govt. Securities (SSC's and t-bills) and Govt. Guaranteed Securities (NIT,PPTFC, LESCO Sukuk and PEPCO-NTDC TFC).

69. When the Board revised assets allocation to 27% of portfolio in 83rd BOT, the investment in NIT-EMOF was also adjusted within equity asset allocation. This had left a limited space for further equity investment. The investment portfolio as on 30th June, 2009 is expected to be as followings:

Portfolio Projected as on 30-06-2009

Rs in billion

Asset Classes	Investment		Approved Allocation		Excess/(Deficit)	
	Amount	% of Portfolio	Amount	% of Portfolio	Amount	% of Portfolio
Fixed Income Govt. & Govt. Guaranteed Securities	100.131	59.83%	99.226	59.29%	0.90	-0.54%
Corporate Fixed Income*	12.365	7.39%	2.025	1.21%	10.34	-6.18%
Equity	42.210	25.22%	45.187	27.00%	(2.98)	1.78%
Real Estate	12.652	7.56%	20.920	12.50%	(8.27)	4.94%
Total	167.358	100.00%	167.358	100.00	0.90	-0.54%
			%			

* Excess due to the reason that the amount not absorbed in real estate, equity are parked in corporate fixed income i.e., bank accounts.

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70. The Institution would get heavy inflows of DSC's maturity in FY-09-10 amounting to Rs.34.275 billion until March, 2010. In view of the declining in interest rates expected in near future, the government securities and corporate fixed income instruments (which are now offering a return around 13% p.a. would not remain attractive for re-investment of these cash flaws). It is, therefore, requested that the Investment Committee may consider enhancement of equity assets allocation to 30% of portfolio for FY-09-10 while keeping real-estate allocation unchanged.

71. In view of the above, the Board was requested to recommend the following asset allocation for FY-09-10.

Description	Fixed Income		Equity	Real Estate	Total
	Corporate F.I	Govt. Sec			
% of Portfolio	55.00%		30.00%	15.00%	100.00%
	1.10%	53.90%	30.00%	15.00%	100.00%

* 98% in Govt. & Govt. Guaranteed Securities and 2% in Corporate Fixed Income with the condition that Funds not absorbed in Real Estate and Equities shall be invested in Corporate Fixed Income as transit deposits.

72. Based on the above allocation, the investment portfolio as on 30th June, 2010 is projected as following:

Portfolio Projected as on 30-06-2010

Rs in billion

	Amount	% of Portfolio
Fixed Income		
Govt. & Govt. Guaranteed Securities	99.330	53.90%
Corporate Fixed Income	2.027	1.10%
	101.357	55.00%
Equity	55.286	30.00%
Real Estate	27.643	15.00%
Total	184.286	100.00%

73. The Financial Advisor Mr. Tahawar Ahmed referring the budget 2008-09 and the proposed budget 2009-10 pointed out that equity income has been decreased and therefore he does not find any justification to allow increase in the allocation of Equity. Chairman EOBI responding to his observation explained the causes and the current

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economic conditions of the country as well as International position and asserted that there is only equity option available to the institution whereby Institution can earn the profit as per their required limit to fulfill their obligations towards liabilities and to sustain the fund. The Government securities option is not so feasible under the circumstance to the EOBI Fund. The Financial Advisor however observed that considering the current market position, he was of the opinion that Institution might not increase the allocation for the equity. Secretary Labour Baluchistan supporting his view also suggested that under prevailing circumstance suitable option would be to increase the allocation of real estate rather than the equity. The I.A. insisted to decide the matter so that they may proceed accordingly in conformity with the decision of the Board.

74. **The Board accordingly decided that the assets allocation approved for 2008-09 will also continue for the financial year 2009-10.**

75. **There being no other business, the meeting ended with vote of thanks to the Chair.**

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ANNEX A

EMPLOYEES' OLDAGE BENEFITS INSTITUTION
REVISED BUDGET ESTIMATES FOR 2008-09 AND PROPOSED BUDGET FOR 2009-10

(Rupees in Millions)

	PARTICULARS	2006-07 AUDITED	2007-08 AUDITED	2008-09 APPROVED	2008-09 REVISED PROPOSED BY THE INSTITUTION	2008-09 APPROVED BY BOT	2009-10 PROPOSED BY THE INSTITUTION	2009-10 APPROVED BY BOT	Note / Reference
I	EOB Fund at the beginning of the year	109,948.837	132,156.163	149,776.838	144,268.384		148,439.500	-	
II.	RECEIPTS								
a)	Contribution Income	4,850.885	5,835.324	8,000.000	8,000.000	7,000.000	7,362.000	8,000.000	
b)	*Investment Income*								
1	Fixed Investment Income								
i.	Government / Government Guaranteed Schemes	17,012.443	18,765.001	15,630.351	12,279.738		12,238.182		
ii.	Surplus/(Deficit) on revaluation of DIIIs	8.964	(24.853)	-	11.601		-		
iii.	DFIs, NIT Units & TFC's	26.673	6.459	6.132	6.382		6.364		
iv.	Bank Deposits	17.208	1,413.767	1,868.087	3,520.618		757.000		
v.	Return transferred to Employees GPF Account	(15.641)	(17.906)	(21.000)	(21.000)		(21.000)		
	Total Fixed Investment Income	17,069.897	20,142.463	17,483.572	15,766.337		12,981.046		
2	Equity Investment Income								
2.a	Dividend Income	737.053	1,217.050	939.261	1,511.259	Note 1	1,250.000	Note 1	
2.b	Capital Gain net off Capital loss	1,092.963	2,012.136	1,584.759	-		1,650.000		
2.c	Surplus / (Deficit) on revaluation of shares trading portfolio	2,238.029	(2,233.258)	-	(6,000.000)				
2.d	Transaction Cost	(53.085)	(112.682)	(109.725)	(9.052)		(53.000)		
2.e	Custodian Charges of CDC	(2.602)	(4.616)	(1.259)	(3.800)		(1.500)		
	Total Equity Income	4,012.358	1,273.650	2,413.036	(4,492.593)		2,845.500		
3	Other Investment Income	1.312	-	-	-				
	Total Investment Income	21,083.567	21,416.113	19,896.608	11,273.744		15,826.546		
c)	*Other Income*								
1	Rental Income	37.344	54.778	48.080	48.180	48.180	48.748	48.748	
2	Misc. Income	46.932	13.866	16.000	35.832	35.832	38.000	38.000	
	Total Other Income	84.276	68.644	64.080	84.012	84.012	86.748	86.748	
	TOTAL RECEIPTS (a+b+c)	26,018.728	27,320.081	27,960.688	19,357.756		23,275.294		
III.	*Expenditures*								
A)	*Revenue Expenditures*								
1	Benefit payments	3,445.697	4,236.159	6,619.000	6,234.000	6,234.000	6,769.000	6,769.000	
2	Management Expenses								
	Human Resource Cost	403.599	446.940	576.785	574.335	574.335	701.286	701.286	Annex A-(I)
	Office Expenses	181.667	189.351	277.125	258.305	258.305	339.198	339.198	Annex A-(I)
	Extra Ordinary Expense	-	-	-	100.000	100.000	-	-	
	Total Management Expenses	585.266	636.291	853.910	932.640	932.640	1,040.484	1,040.484	
	Total Revenue Expenditures HA	4,030.963	4,872.450	7,472.910	7,166.640	7,166.640	7,809.484	7,809.484	
B)	Capital Expenditure	1,229.276	1,548.143	4,513.888	7,359.691	7,359.691	6,882.203	6,872.903	Annex A-(II)
	Total Expenditures	5,260.239	6,420.593	11,986.798	14,526.331		14,691.687	14,682.387	
IV.	Reversal of Provision against other receivable FIBs / Bankers' Equity	14.819	-	-	40.000	40.000		-	
V.	Excess of Receipts over Revenue Expenditure (II-III(A)+IV)	22,002.604	22,447.631	20,487.778	12,231.116		15,465.810	-	
VI.	Surplus / (Deficit) on revaluation of Securities	204.722	(4,826.956)	-	(8,000.000)	Note 1		-	
VII.	EOB Fund at the end of the year (I+VI)	132,156.163	149,776.838	170,264.616	148,439.500		163,905.310		
VIII.	Adjustment of overstated DSC income	(1,199.909)	(4,368.545)	-		-		Note 1	
IX	EOB Fund at the end of the year after adjustment(VIII-IX)	130,956.254	145,408.293	170,264.616	148,439.500		163,905.310	-	

Note 1: The Investment Income for 2008-09 (Revised) & 2009-10 (Proposed) as per para II (B) & VI above and adjustment for overstated DSCs' income as per para VIII above not approved by BOT and is subject to confirmation and verification by the office of the Auditor General of Pakistan for which the matter may be referred to them and placed before BOT in its next meeting for its consideration and approval

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ANNEX A - (I)

EMPLOYEES' OLD-AGE BENEFITS INSTITUTION
MANAGEMENT EXPENSES

REVISED Budget 2008-09 AND PROPOSED BUDGET 2009-10

	TITLE OF ACCOUNT	Actual Expenses 2006-07	Actual Expenses 2007-08	Approved Budget 2008-09	Revised Budget 2008-09 Proposed By The Institution	Revised Budget 2008-09 Approved By BOT	Budget 2009-10 Proposed By the Institution	Budget 2009-10 Approved By BOT
	Amount In Rupees 000							
A)	HUMAN RESOURCE C O S T							
1	Pay & Allowances	265,774.00	300,040.00	392,000	379,550	379,550	467,836	467,836
2	**Other Staff Benefits**							
i)	Employees' medical expenses	30,492.00	34,078.00	44,000	44,000	44,000	54,000	54,000
ii)	Long term compensated absences expenses	(9,115.00)	17,597.00	15,000	17,000	17,000	20,000	20,000
iii)	Employees' welfare expenses	3,395.00	1,337.00	5,000	5,000	5,000	5,000	5,000
iv)	Overtime / Conveyance / Meal Charges & Officers Late Sitting	249.00	2,741.00	400	400	400	500	500
v)	Group insurance Premium	1,420.00	1,667.00	1,800	1,800	1,800	2,000	2,000
vi)	Employees transfer expenses	852.00	1,581.00	1,000	1,000	1,000	1,000	1,000
vii)	Field Officers Transportation Charges	8,014.00	8,059.00	9,000	9,000	9,000	12,000	12,000
viii)	Leave encashment	8,832.00	6,521.00	9,000	9,000	9,000	10,000	10,000
ix)	Stipend / Honorarium	151.00	5,615.00	13,000	13,000	13,000	14,000	14,000
x)	Training expenses							
a)	Local Training	3,046.00	372.00	2,000	1,000	1,000	2,000	2,000
b)	Foreign Training	307.00	311.00	2,000	-	-	2,000	2,000
3	**Retiring Benefits**							
i)	Provident fund contribution	249.00	331.00	385	385	385	450	450
ii)	Employees' gratuity	1,536.00	2,016.00	2,200	2,200	2,200	2,500	2,500
iii)	Employees' pension contribution	36,707.00	32,999.00	40,000	55,000	55,000	60,000	60,000
iv)	Post retirement medical benefits	51,690.00	31,675.00	40,000	36,000	36,000	48,000	48,000
	Total Human Resource Cost :-	**403,599**	**446,940**	**576,785**	**574,335**	**574,335**	**701,286**	**701,286**

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	TITLE OF ACCOUNT	Actual Expenses 2006-07	Actual Expenses 2007-08	Approved Budget 2008-09	Revised Budget 2008-09 Proposed By The Institution	Revised Budget 2008-09 Approved By BOT	Budget 2009-10 Proposed By the Institution	Budget 2009-10 Approved By BOT
	Amount in Rupees 000							
B)	OTHER OFFICE EXPENSES							
1	Boards' committee meetings	1,968.00	565.00	2,000	2,000	2,000	4,000	4,000
2	Computer stationery and allied charges	3,474.00	2,724.00	7,010	7,010	7,010	5,508	5,508
3	Bank service charges (pension and contribution)	41,000.00	41,000.00	41,000	41,000	41,000	45,000	45,000
4	Office rent and taxes	20,569.00	27,824.00	26,540	27,000	27,000	30,000	30,000
5	Advertising Expenses	729.00	873.00	2,200	2,000	2,000	3,000	3,000
6	Publicity Expenses	2,448.00	3,694.00	18,600	19,100	19,100	65,000	65,000
7	Traveling Expenses	5,027.00	5,604.00	7,000	7,000	7,000	10,000	10,000
8	Printing, stationery and office supplies	3,396.00	5,128.00	8,000	8,000	8,000	12,800	12,800
9	Postage and telephones Exp.	8,637.00	8,957.00	12,000	12,000	12,000	14,000	14,000
10	Vehicle running and insurance	10,613.00	9,210.00	15,000	15,000	15,000	16,000	16,000
11	Utilities Expenses	5,967.00	6,481.00	8,000	8,000	8,000	9,000	9,000
12	Consultancy, legal and professional fees	2,106.00	2,411.00	4,000	3,000	3,000	4,000	4,000
13	Cost of call centre		213.00	600	300	300	-	-
14	Cost of Services of Reuters	537.00	1,120.00	1,200	1,800	1,800	2,000	2,000
15	Cost of Services of NADRA	5,904.00	-	-	-	-	-	-
16	Repairs and maintenance Exp.	11,810.00	6,579.00	29,000	29,000	29,000	34,420	34,420
17	Maintenance Cost (investment properties)	26,316.00	35,782.00	47,200	28,500	28,500	36,200	36,200
18	Auditors' fee and other expenses	688.00	765.00	1,200	850	850	950	950
19	Newspapers and periodicals	387.00	420.00	700	700	700	750	750
20	ISSA subscription	675.00	715.00	900	-	-	-	-
21	Religious function and hajj expenses	270.00	-	-	-	-	-	-
22	Depreciation Expenses	26,486.00	26,212.00	40,000	40,000	40,000	40,000	40,000
23	Bad Debt Expenses	1,397.00	46.00	250	1,120	1,120	1,120	1,120
24	Medical invalidity board expenses	581.00	728.00	1,000	1,000	1,000	1,000	1,000

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	HEAD OF ACCOUNT	Actual Expenses 2006-07	Actual Expenses 2007-08	Approved Budget 2008-09	Revised Budget 2008-09 Proposed By The Institution	Revised Budget 2008-09 Approved By BOT	Budget 2009-10 Proposed By the Institution	Budget 2009-10 Approved By BOT
	Amount in Rupees 000							
25	Bank charges	294.00	362.00	250	250	250	250	250
26	Library books	14.00	19.00	125	125	125	250	250
27	Cartage and carriage	142.00	171.00	250	300	300	300	300
28	Subscription and affiliation	34.00	135.00	200	200	200	200	200
29	Regional heads conference expenses	195.00	638.00	700	800	800	1,200	1,200
30	Office shifting expenses	100.00	33.00	100	150	150	150	150
31	Meetings and entertainment	475.00	673.00	1,500	1,500	1,500	1,500	1,500
32	Miscellaneous Expenses	328.00	269.00	600	600	600	600	600
	Total Other Office Expenses:-	181,667	189,351	277,125	258,305	258,305	339,198	339,198
C)	Donation to Malakand IDP	-	-	-	100,000	100,000	-	-
	Total Management Expenses (A+B)	585,266	636,291	853,910	932,640	932,640	1,040,484	1,040,484

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ANNEX A - (II)

CAPITAL EXPENDITURE

COMPARATIVE STATEMENT OF ACTUAL EXPENSES OF 2007-08, 2008-09 APPROVED BUDGET & REVISED ESTIMATES FOR 2008-09 AND PROPOSED BUDGET FOR 2009-10

Sr. No.	TITLE OF ACCOUNT	Actual Expenses 2006-07	Actual Expenses 2007-08	Approved Budget 2008-09	Revised Estimates 2008-09 Proposed by The Institution	Revised Budget 2008-09 Approved by BOT	Budget 2009-10 Proposed By The Institution	Proposed Budget 2009-10 Approved by BOT	Note
		Amount Rs Million							
1	Furniture & Fixture	0.810	2.042	8.150	8.150	8.150	13.827	4.847	1
2	Office Machines & Equipment	0.730	0.118	1.170	1.170	1.170	1.720	1.400	2
3	PABX System	0.550	-	-	-	-	-	-	
4	Generator	-	-	3.500	2.585	2.585	5.000	5.000	
5	Cooling & Heating Appliances	1.335	0.870	3.225	3.225	3.225	3.180	3.180	
6	Vehicles		0.100	17.000	-	-	49.110	49.110	3
7	Micro Computers and Computer Accessories	1.732	0.657	0.900	0.900	0.900	1.350	1.350	
8	IT Solution Software / Hardware	1.060	-	34.550	53.217	53.217	28.246	28.246	
9	Investment in Real Estate	1,221.803	1,543.750	4,188.075	7,288.888	7,288.888	6,547.220	6,547.220	4
10	Constructions of Buildings	-	-	204.320	-	-	175.550	175.550	4
11	Purchase of plots and land	-	-	45.000	-	-	45.000	45.000	4
12	Additions / Alterations Buildings	-	-	8.000	1.556	1.556	8.000	8.000	4
13	Preliminary expenses for Investment Finance Services Company	-	-	-	-	-	3.000	3.000	
14	Time & Attendance Recording Machines	0.375	-	-	-	-	-	-	
15	Close Circuit TV & Recording System (EOBI House Ex Awami Markaz)	0.891	-	-	-	-	1.000	1.000	
	GRAND TOTAL	1,229.276	1,548.143	4,513.888	7,359.691	7,359.691	6,882.203	6,872.903	

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Notes:

1 **Furniture & Fixture:**

	.....Amount Rs.....
Furniture & Fixture Proposed by the institution	13,827,000
Less: Furniture for Regional Offices	(8,980,000)
Furniture & Fixture approved by the BOT:	4,847,000

2 **Office Machine & Equipment:**

Office Machine & Equipment proposed by Institution	1,720,000
Less: Duplicating Machine	240,000
Less. Type Writer	80,000
Office Machine & Equipment Approved by BOT	(320,000)
	1,400,000

3 Within the authorised allocation of 62 vehicles, 53 vehicles which have been fully depreciated may be replaced following the prescribed procedure of the cabinet division for replacement of vehicles as detailed below:

S #	Description	Qty	Unit Cost	Total Cost
A	**New Vehicles**			
	New Vehicles Purchased for six new Regions West Wharf, Karachi; Central, Faisalabad, Shahdara Lahore, Hassanabdal, Sahiwal	6	910,000	5,460,000
	Sub Total A			**5,460,000**
B	**Replacement of Existing Vehicle**			
i.	DDG's (1000 CC)	10	910,000	9,100,000
ii.	M&E I & II (1000 CC)	1	910,000	910,000
iii.	Adj. Authority I & II (1000 CC)	1	910,000	910,000
iv.	Regions (1000 CC)	31	910,000	28,210,000
v.	Operation (1000 CC)	2	910,000	1,820,000
vi.	Toyota Hiace	1	2,200,000	2,200,000
vii.	Suzuki Pick up	1	500,000	500,000
	Sub Total B	47		**43,650,000**
	Total	53		**49,110,000**

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4 (a) Revised 2008-09

The approval of BOT for the following provisions is provisional and subject to its final approval in its next meeting following the briefing of BOT members by PRIMACO on its functions and activities in July 2009. Till the approval of the Board, the Contractors' bills for the projects being managed by PRIMACO on EOBI behalf may continue to be reimbursed to PRIMACO by EOBI within the approved project cost.

(Rupees in Million)

	PARTICULARS	Approved 2008-09	Revised 2008-09	Increase / (Decrease)	Increase / (Decrease) %age
A	CONSTRUCTIONS				
i.	Commercial Centre, P.E.C.H.S. Karachi	73,000	101,000	28,000	38.36
ii.	E.O.B.I. House, Islamabad	371,500	223,000	(148,500)	(39.97)
iii.	Novatel Hotel, Lahore	1,125,250	318,000	(807,250)	(71.74)
iv.	Construction of Boundry Wall, Multan Road, Lahore	-	20,170	20,170	100.00
v.	EOBI Office Building Nazimabad	-	7,346	7,346	100.00
vi.	EOBI Office Building Malir	-	7,371	7,371	100.00
B	Purchase of Plot / Building				
i.	Pakistan Railway Land, Kalapul	2,248,020	4,982,000	2,733,980	121.62
ii.	Pakistan Railway Land, I.I. Chundrigar Road, Karachi	325,303	660,606	335,303	103.07
iii.	Plot C, Near Rangers Headquarters, Lahore	-	667,395	667,395	100.00
iv.	400 Plots at DHA, Islamabad	-	80,000	80,000	100.00
v.	Plot # 63 Phase II M.A. Johar Town Lahore	-	22,000	22,000	100.00
vi.	Purchase of plot Sunder Industrial Estate Raiwind Road, Lahore	10,000	-	(10,000)	(100.00)
vii.	Construction Building Sunder Industrial Estate Raiwind Road, Lahore	35,000	-	(35,000)	(100.00)
	Grand Total	4,188,073	7,288,888	3,100,815	74.04

4 (b) Proposed 2009-10

The approval of BOT for the following provisions is provisional and subject to its final approval in its next meeting following the briefing of BOT members by PRIMACO on its functions and activities in July 2009. Till the approval of the Board, the Contractors' bills for the projects being managed by PRIMACO on EOBI behalf may continue to be reimbursed to PRIMACO by EOBI within the approved project cost.

(Rupees in Million)

	PARTICULARS	Proposed 2009-10	
A	CONSTRUCTIONS		
i.	Commercial Centre, P.E.C.H.S, Karachi	5.00	
ii	E.O.B.I. House, Islamabad	454.80	
iii	Novatel Hotel, Lahore	1,975.20	
iv	EOBI Office Building Nazimabad	44.91	
v.	EOBI Office Building Malir	47.70	
vi.	Hayatabad Commercial Complex, Peshawar	9.62	
vii	Others	10.00	2,547.22
B	Purchase of Plot / Building		
i.	400 Plots at DHA, Islamabad	80.00	
ii	Expected purchase of Investment Properties from CDA Islamabad.	3,920.00	4,000.00
	Grand Total		6,547.22

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