



EMPLOYEES' OLD-AGE BENEFITS INSTITUTION

FIRST MEETING OF THE BOARD OF TRUSTEES

MINUTE BOOK

HELD AT

KARACHI

ON

13TH AUGUST 1977

TIME

10 A.M.

MINUTES OF THE FIRST MEETING OF THE BOARD OF TRUSTEES OF THE EMPLOYEES' OLD-AGE BENEFITS INSTITUTION HELD ON SATURDAY, THE 13TH AUGUST, 1977 AT 10 A.M. AT KARACHI.

The First Meeting of the Board of Trustees of the Employees' Old-Age Benefits Institution was held in Karachi on Saturday, the 13th August, 1977 at 10 A.M. in the Board Room of the State Life Insurance Corporation of Pakistan. Mr. F.K. Bandial, Secretary, Ministry of Labour & Manpower (Labour Division) presided. The following were present:-

- | | | |
|----|---|----------|
| 1. | Mr. F.K. Bandial,
Secretary,
Ministry of Labour & Manpower,
Government of Pakistan,
Islamabad. | Chairman |
| 2. | Mr. G.M. Bajwa,
Joint Secretary,
Industries Division,
Government of Pakistan,
Islamabad. | Member |
| 3. | Mr. K.N. Cheema,
Joint Secretary,
Ministry of Commerce,
Government of Pakistan,
Islamabad. | Member |
| 4. | Mr. Imtiaz Ahmad Chaudhry,
Joint Secretary,
Labour Division,
Government of Pakistan,
Islamabad. | Member |
| 5. | Mr. Hafizullah,
Commissioner,
Punjab Employees Social
Security Institution, Lahore. | Member |
| 6. | Mr. Abdul Hamid Dada Bhoy,
Managing Director,
Star Textile Mills,
S.I.T.E., Karachi | Member |
| 7. | Mr. Amanullah Qureshi,
President,
People Labour Federation,
Hyderabad. | Member |
| 8. | Mr. Khurshid Ahmed,
General Secretary,
All-Pakistan Federation of
Trade Unions,
28-Nisbat Road, Lahore. | Member |

CHAIRMAN'S
INITIALS

FIRST MEETING OF THE BOARD OF TRUSTEES

HELD AT	ON	TIME
KARACHI	13TH AUGUST 1977	10 A.M.
9. Mr. Sher Mohammad, President, Muttabida Mazdoor Federation, of Labour, Amangarh, Nowshera.		Member
10. Mr. Hussain Ahmed, General Secretary, Mines Labour Central Union, Cafe Yasmine, Thana Road, Quetta.		Member
11. Mr. D.M. Quraishi, Chairman, State Life Insurance Corporation of Pakistan, Karachi.		Member
12. Mr. P. Sequeira, Executive Director, State Life Insurance Corporation of Pakistan, Karachi.		Member
13. Mr. I.A. Najmi, Social Security Adviser, Labour Division, Islamabad.		

Mr. A.J. Dias, AGM (Admn & Operations), EOBI,
Mr. M. Sadiq Khan, Manager (Admn), EOBI, Mr. Shujat Siddiqui,
Manager (Act. & A/cs), EOBI and Mr. S. Barkatullah, R/R,
State Life/EOBI also attended.

At the outset, the Chairman, welcomed the participants to this, -The First Meeting of the Board of Trustees of Employees Old-Age Benefits Institution-meeting and hoped that the Institution would progress well under the able guidance of the Members, all of whom possessed rich and varied experience in their respective fields. He then initiated discussion on the agenda and the following business was transacted:-

ITEM NO.1 POWERS OF THE CHAIRMAN, STATE LIFE INSURANCE CORPORATION AS HEAD OF THE INSTITUTION:

The Chairman, State Life Insurance Corporation of Pakistan, explained that the powers delegated to him as Head of the Institution as outlined in the joint agreement of the Labour Division & the State Life Insurance Corporation of Pakistan, related to the normal day to day business of the Institution. Some members observed that Head of the Institution enjoyed absolute powers in respect

CHAIRMAN'S
INITIALS



EMPLOYEES' OLD-AGE BENEFITS INSTITUTION

FIRST MEETING OF THE BOARD OF TRUSTEES.

MINUTE BOOK

HELD AT
KARACHI

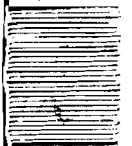
ON
13TH AUGUST 1977

TIME
10 A.M.

of the administration of the Scheme including powers to recruit officers in the Institution irrespective of their status^{OR} salary. The representative of the Industries Division cited the example of other Organizations controlled by various Ministries and Divisions of the Federal Government, where the powers for the recruitment of staff was restricted to posts carrying certain Pay Scales upto a prescribed limit, while appointment to the posts carrying higher than that were made by the Government itself. Other members, however, opined that for smooth, effective and speedy administration of the Scheme, full delegation of powers was necessary. However, the Head of the Institution could exercise these powers within the policy directive of the Government, which had overall control and authority over the Institution. The Federal Government which finally approves the budget on the recommendations of the Board of Trustees, can also exercise checks on these powers. The workers representative from Punjab agreed with this view and observed that it was in the interest of workers that the Management of the Scheme was effective. He hoped that while exercising these powers, the Head of the Institution would make every possible effort to achieve maximum economy in expenditure.

The Chairman agreeing with the views expressed observed that it was imperative to delegate necessary powers to the Head of the Institution, to enable him to carry out effectively and efficiently the functioning of the Institution, which ultimately was his responsibility. He observed that in the matter of recruitment of staff, the Head of the Institution was the best judge to find suitable persons for the job. It was not the intention to centralise these powers. In any case, all the actions of the Head of the Institution were subject to scrutiny by the Board and the Government. Moreover, powers were available to him only within the frame-work of the approved Budget.

CHAIRMAN'S INITIALS



FIRST MEETING OF THE BOARD OF TRUSTEES

HELD AT
KARACHION
13TH AUGUST 1977TIME
10 A.M.

DECISION: The powers delegated by the Labour Division to the Chairman, State Life Insurance Corporation of Pakistan as Head of the Employees Old-Age Benefits Institution were approved and confirmed by the Board.

ITEM NO.11 REPORT OF THE HEAD OF THE INSTITUTION ON THE ACTIVITIES OF EMPLOYEES OLD-AGE BENEFITS INSTITUTION SINCE INCEPTION INCLUDING THE ORGANISATIONAL STRUCTURE EVOLVED.

Presenting his report, the Head of the Institution, briefly outlined the activities of the Institution since its inception from the pre-launching stage. Reviewing the figures of registration of employers and employees, some of the members observed that the process could be speeded up by collecting the data from other agencies like Social Security Institution, Labour Directorates etc. which will result in the economy of the cost of operations. The Head of the Institution informed the Board that this had already been done and it was the result of these efforts that about 7,000 (Seven thousand) employers had already been identified while about 14,000 (Fourteen thousand) forms had been issued to different employers. He, however, promised that further collaboration and co-operation would be sought from other organizations in this connection.

Referring to the provisions of the Act, the representative of the Commerce Division pointed out that it was not only the obligation of the employers to register themselves with the Institution, but also the employees should ensure the applicability of the Act to their establishments. In this task the active co-operation of the trade unions could go a long way in speeding up the process of registration of employers and employees. The worker's member from Sind pointed out that the publicity campaign recently launched by the Institution, referred only to the obligations of the Employers. Effective steps should be taken to publicise the Scheme among the workers. The Board also felt that, in this matter, the help and co-operation of the trade unions would be highly valuable.

CHAIRMAN'S
INITIALS



EMPLOYEES' OLD-AGE BENEFITS INSTITUTION

FIRST MEETING OF THE BOARD OF TRUSTEES

(PAGE NO.)

MINUTE BOOK

HELD AT
KARACHI

ON
13TH AUGUST 1977

TIME
10 A.M.

DECISION: The Board noted the report of the Head of the Institution and desired that all information media should be utilized to publicise and popularize the Scheme among the workers, in addition to the employers.

ITEM NO. III DRAFT EMPLOYEES' OLD-AGE BENEFITS (GENERAL) REGULATIONS, 1977

The representative of the Commerce Division referred to various provisions of the Employees' Old-Age Benefits Act, under which it was required to frame different regulations, but the regulations so far framed did not cover all such requirements. He expressed the desirability to have one comprehensive set of regulations covering all matters rather than to have different regulations for different purposes. The Executive Director of the Institution explained that the Regulations were being framed according to priorities and keeping in view the day to day needs and requirements of the Scheme. For example, there was no urgency for the framing of the regulations concerning claims and benefits at this stage since the first payment of benefits under the Scheme would start sometime in 1981. By that time, there might be many changes in the Scheme itself.

The Employers member from Sind desired that the Meeting of the Board should be held at least every 3 months. The Chairman pointed out that there was no restriction in calling a meeting at an interval of less than 3 months. The only requirement of the Regulation was that the Board must meet atleast twice in a year. Moreover, it was necessary that a reasonable time lag must follow between the two meetings so that the Board had substantial and meaningful business to transact and the Institution also had sufficient time to demonstrate its performance for a meaningful review by the Board.

The Employers member from Sind further observed that the proof of age was presenting some difficulty, particularly in case of women employees and the wives of Insured Persons. The workers did not like to disclose the names of

CHAIRMAN'S INITIALS

[Blank area for Chairman's Initials]

FIRST MEETING OF THE BOARD OF TRUSTEES

HELD AT
KARACHION
13TH AUGUST 1977TIME
10 A.M.

their wife/wives and children. Besides, the employers were also required to give information about an employee who had left their Organizations.

The workers representatives from Sind drew the attention to Regulation 4 which did not mention Pension benefits for piece-rate workers.

DECISION: It was decided that the difficulties pointed out by the Employers/Workers members and the problem of determination of wages of the piece-rate workers should be further examined and a solution found out to this problem. The Board authorised the Head of the Institution to incorporate such amendments as may be considered necessary as a result of this examination.

ITEMS IV & V THE BUDGET ESTIMATES OF THE INSTITUTION FOR THE YEARS (a) 1976-77 AND (b) 1977-78.

STATEMENT OF EXPENSES, INCLUDING PRELIMINARY AND CAPITAL EXPENDITURE INCURRED BY STATE LIFE INSURANCE CORPORATION FOR AND ON BEHALF OF THE INSTITUTION UPTO 30TH JUNE, 1977.

Initiating discussion on the Budget for the year 1976-77 the Head of the Institution pointed out that according to the provisions of Rule 6(a) of the Employees Old-Age Benefits (Board of Trustees) Rules, 1977, the Budget estimates for the year ending 30th June, 1977 were to be approved by the Board in the meeting, to be called within 30 days of the publication of these Rules. Accordingly, the meeting should have been convened by the 20th June, 1977, since the Rules were published in the Gazette dated 20th May, 1977, but it could not be done, due to disturbed political conditions in the country, with the result that the Budget for 1976-77 could not be approved in time. As the financial year 1976-77 was already closed, therefore, the question of approval of any Budget as such did not arise. However, now the actual figures of income and expenditure for the year were available and required to be approved. To regularize the expenditure, a statement of income and expenditure for the year 1976-77 had been placed before the Board under item No.V of the Agenda.

CHAIRMAN'S
INITIALS



EMPLOYEES' OLD-AGE BENEFITS INSTITUTION

PAGE No. /

FIRST MEETING OF THE BOARD OF TRUSTEES

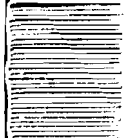
MINUTE BOOK

HELD AT
KARACHION
13TH AUGUST 1977TIME
10 A.M.

The Head of the Institution touched upon various items of income and expenditure and elaborated on some of them for the information of the Board. Explaining the principle of investment, he informed the Board that an effort had been made to keep the cash amount only to the extent which was needed for the day to day expenses, the amount not actually required in the near future was invested in more beneficial long-term scrips like Defence Saving Certificates, which yielded a higher dividend. He pointed out that 65% of investment had been made in the Defence Saving Certificates with a profit yield of 14.4%; 15% in Khas Deposit Certificates where about 12.44% interest accrued, and only about 20% had been kept in Bank Deposits. He informed the Board that no funds were kept in the current account and the Institution was working on zero balance investing the daily contributions, the same day.

He further stated that every possible effort was made to achieve maximum economy in the administrative cost, which would be evident from the fact that the actual expenditure for the year 1976-77 amounted to little over 50 lacs as against the estimated expenditure of Rs.1.30 crores. For example, recruitment to a post was made only when it was absolutely necessary and this was explained through a statement of appointments made from month to month since the beginning. The saving on the computer cost was the result of the terms of agreement according to which the Institution, instead of buying computer time, settled rate basis of work. Since the process of registration of employees was slow and the computerisation of the individual record started only recently no expenditure was incurred on this account. In reply to a query, he replied that administrative cost of the Institution was less than 2% of the contributions.

DECISION: The Board noted that it was not called upon to approve the Budget Estimates for the year 1976-77 as the year had already expired. Accordingly, the statement of income and expenditure for the year 1976-77 was considered and approved.

CHAIRMAN'S
INITIALS

FIRST MEETING OF THE BOARD OF TRUSTEES

HELD AT
KARACHION
13TH AUGUST 1977TIME
10 A.M.ITEM IV(b)

Initiating discussion on this item, the Head of the Institution traced the background of Budgetary proposals and explained the provisions made under ^{different} ~~heads~~ such as capital expenditure, cost of staff, computer cost, cost of investment department etc.

Explaining various bases of the costs of handling investment portfolio, he pointed out that it was more economical and beneficial to the institution to share 1/3 of the cost with State Life Insurance Corporation rather than allowing a percentage of the funds as an investment cost for handling the job. In any case, he explained that this was a matter which the Government had decided to be left for settlement between himself and the Chairman.

DECISION: The Board approved the Budget proposals for the year 1977-78 for presentation to the Federal Government and authorised the Chairman to settle with the Head of State Life Insurance Corporation the basis of the costs of handling the investment portfolio of the Employees Old-Age Benefits Institution.

ITEM VI. ARRANGEMENT FOR DEPOSIT OF MONEYS OF THE INSTITUTION WITH HABIB BANK LIMITED

The Board considered and approved the proposals made in the working paper.

ITEM VII. TERMS AND CONDITIONS OF SERVICE, PRIVILEGES, BENEFITS ETC., OF EMPLOYEES AND OTHERS ENGAGED BY THE INSTITUTION.

The Board approved the proposal for adoption of the terms and conditions of service, privileges, benefits etc. of the employees of the State Life Insurance Corporation for the staff and employees of the Employees Old-Age Benefits Institution. It further authorised the Head of the Institution to make any amendment in the terms and conditions of the employees of the Institution as and when necessary, in consultation and with the approval of the Chairman of the Board of Trustees and to place such changes before the Board of Trustees at the earliest possible opportunity.

CHAIRMAN'S
INITIALS



EMPLOYEES' OLD-AGE BENEFITS INSTITUTION

FIRST MEETING OF THE BOARD OF TRUSTEES

MINUTE BOOK

HELD AT
KARACHION
13TH AUGUST 1977TIME
10 A.M.

ITEM VIII. DETERMINATION OF THE POLICY FOR THE GRANT OF EXEMPTIONS UNDER THE EMPLOYEES OLD-AGE BENEFITS ACT, 1976.

The representative of the Labour Division initiated discussion on this item and explained the categories of establishments which had sought exemption from the application of the Employees Old-Age Benefits Act. The consensus of opinion was that exemptions should not normally be granted. One approach could be that requests of such establishments which claimed to provide benefits better than those available under the Scheme, could be examined on merits. Views of the Institution would also be obtained in such cases. However, the Chairman observed that in view of the statement he proposed to make at the end of this meeting on the subject of Social Security benefits generally and their administration, he would prefer that the question of grant of exemptions be examined in it's totality. He assured that while deciding the cases for exemption, the Government would take into account the discussion held in this meeting.

ITEM IX. APPOINTMENT OF AN AUDITOR

The Board approved the proposals made in the working paper for the appointment of M/s. Ford, Rhodes, Robson, Morrow, as Auditors for the year 1976-77. The Board also accepted the advice of the representative of the Ministry of Commerce to the effect that instructions of the Finance Division concerning appointment of Auditors be kept in view while making such appointments.

ITEM X. ANY OTHER MATTER WITH THE PERMISSION OF THE CHAIRMAN

(1) Common Seal

With the permission of the Chairman, the Head of the Institution placed before the Board a fascimile of the Common Seal required to be adopted under Section 19 of the Employees' Old-Age Benefits (Board of Trustees) Rules, 1977. It consists of the Employees' Old Age Benefits Institution's logo in the centre with two outer circles, the larger of which is of 2½" diameter. Between the 2 circles the name of the Institution in English and Urdu has been inscribed.

CHAIRMAN'S
INITIALS

FIRST MEETING OF THE BOARD OF TRUSTEES

HELD AT
KARACHION
13TH AUGUST 1977TIME
10 A.M.

DECISION: The Board approved the Common Seal of the Institution and authorised the Head of the Institution to regulate its usage.

- (2). Draft Employees Old-Age Benefits (Determination of Complaints, Questions and Disputes) Regulations, 1977.

With the permission of the Chairman, the Head of the Institution introduced for consideration and adoption the draft of the Employees Old-Age Benefits (Determination of Complaints, Questions and Disputes) Regulations, 1977. This draft had been finalized only a few days back and hence was not circulated alongwith the working papers. The Executive Director of the Institution explained that the draft regulations were consequential to the requirements of Section 33 of the Act for the determination of routine complaints, questions, disputes etc. The draft regulations has yet to be published and objections, amendments and suggestions invited.

DECISION: The Board approved for adoption the draft of the Employees' Old-Age Benefits (Determination of Complaints, Questions and Disputes) Regulations 1977 for transmission to Labour Division with the request that these be published in the official Gazette as required under Section 45 of the Act.

GENERAL:

On the conclusion of the discussion of item VII of the Agenda some observations were made on the Scheme. It was the consensus that the benefits provided under the Scheme were extremely inadequate. Moreover, these were not related to wages. Some workers members referred to the minimum qualifying period prescribed under the Act for entitlement to the benefits and desired that this should be reduced further. The Pension Scheme being an aspect of Social Security should be integrated with the Social Security Scheme and administered by the Social Security Institution.

Agreeing with the inadequacy of the pension provided under the scheme, the Chairman said that the Scheme was only a beginning in the development of a comprehensive pension

CHAIRMAN'S
INITIALS



EMPLOYEES' OLD-AGE BENEFITS INSTITUTION

PAGE No. 11

FIRST MEETING OF THE BOARD OF TRUSTEES

MINUTE BOOK

HELD AT
KARACHION
13TH AUGUST 1977TIME
10 A.M.

Scheme which will come in due course of time having regard to the financial position of the Institution and funds generated by it. In this connection, he referred to other welfare measures for workers and observed that presently these were being provided under different schemes, administered by different organisations. As a result, in spite of a substantial contribution being made by the employers, the workers were not getting the due benefits. Since all such measures were in one way or other related to Social Security, it was desirable to incorporate them into a comprehensive National Social Security Programme, with one single contribution by the employers for all and to entrust its administration to one single agency. If this is done, the Chairman observed, the scheme would not only be highly economical and efficient in administration but would also be convenient to both employers and workers. It would, as a result, be possible to give substantial benefits to workers in a planned and integrated manner. The Chairman stated that, judging from the highly efficient manner in which the EOBI had been set up and its performance over the past year, the State Life with its expertise and vast technical resources was in the best position to undertake a study in depth under the aegis of Labour Ministry and to make recommendations as to the most efficient manner in which the outlining objective can be achieved.

Concluding, the Chairman greatly appreciated the performance of the Employees Old-Age Benefits Institution and the commendable results achieved by it. This was possible because of the devoted and sincere work done by the members of the staff of the Institution. He expressed his full confidence in Mr. D.M. Quraishi, Chairman, State Life as Head of the Institution under whose directions and guidance, this achievement was possible. The Board endorsed the views expressed by the Chairman both in regard to the work and performance of EOBI under the State life and also entrusting to it the proposed study for evolving a comprehensive Scheme embracing all social security measures in the country for the benefit of the workers.

CHAIRMAN'S
INITIALS

FIRST MEETING OF THE BOARD OF TRUSTEES

HELD AT	ON	TIME
KARACHI	13TH AUGUST 1977	10 A.M.

The Chairman, State Life and Head of the Institution thanked the Chairman of the Board for the kind sentiments expressed by him for the Institution and the State Life. He affirmed that whatever measure of success had been achieved was possible only because of the unfailing co-operation and assistance received at all times from the Ministry of Labour and the guidance extended by the Chairman of the Board. He was confident that the Institution would persevere with dedication and zeal to achieve all the objectives outlined by the Chairman.

There being no other business to be transacted, the meeting ended with a vote of thanks to the Chair.

Chairman

CHAIRMAN'S
INITIALS
