



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

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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

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[Blank area for Chairman's Initials]

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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.

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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.

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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.

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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

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