



EMPLOYEES' OLD-AGE BENEFITS INSTITUTION

2ND MEETING OF BOARD OF TRUSTEES

MINUTE BOOK

HELD AT
KARACHION
5TH DECEMBER 1978TIME
10 A.M.

MINUTES OF THE SECOND MEETING OF THE
BOARD OF TRUSTEES OF THE EMPLOYEES'
OLD-AGE BENEFITS INSTITUTION HELD ON
TUESDAY, THE 5TH DECEMBER, 1978
AT 10 A.M. AT KARACHI.

The second meeting of the Board of Trustees of the Employees' Old-Age Benefits Institution was held in Karachi on Tuesday the 5th December, 1978 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 and Overseas Pakistanis presided. The following were present:

1. Mr. F.K. Bandial, .. Chairman
Secretary,
Ministry of Labour, Manpower
& Overseas Pakistanis,
Government of Pakistan,
Islamabad.
2. Mr. Jamilullah Khan, .. Member
Financial Adviser,
Labour Division,
Government of Pakistan,
Islamabad.
3. Mr. K.N. Cheema, .. Member
Joint Secretary,
Ministry of Commerce,
Government of Pakistan,
Islamabad.
4. Mr. Imtiaz Ahmad Chaudhry, .. Member
Joint Secretary,
Labour Division,
Government of Pakistan,
Islamabad.
5. Capt. A.R. Siddiqui, .. Member
Secretary,
Labour Department,
Government of Sind,
Karachi.
6. Mr. Akhtar Saeed, .. Member
Commissioner,
Punjab Employees Social Security
Institution,
Lahore.
7. Mr. Hamidullah Durrani, .. Member
Director,
Labour Department,
Government of N.W.F.P.,
Employees Social Security Institution
Peshawar.

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8. Mr. Abdul Hameed Dada Bhoy .. Member
Managing Director,
Star Textile Mills,
S.I.T.E.,
Karachi.
9. Mr. Saleem Saifullah, .. Member
Managing Director,
Kohat Textile Mills,
Kohat.
10. Mr. Amanullah Qureshi, .. Member
President,
Peoples Labour Federation,
Hyderabad.
11. Mr. Khurshid Ahmed, .. Member
General Secretary,
All Pakistan Federation of
Trade Unions,
28-Nisbat Road,
Lahore
12. Mr. Sher Mohammad, .. Member
President,
Muttahida Mazdoor Federation,
of Labour,
Amangarh,
Nowshera.
13. Mr. P. Sequeira, .. Member
Chairman,
State Life Insurance Corporation
of Pakistan,
Karachi.
14. Mr. Nisarun Nabi .. Member
Executive Director
State Life Insurance Corporation
of Pakistan,
Karachi.
15. Mr. I.A. Najmi
Social Security Adviser,
Labour Division
Government of Pakistan,
Islamabad.

Mr. Almazi Mohammad Shafee, O.S.D., Labour Division, Government of Pakistan, Islamabad, Mr. A.J. Dias, Assistant General Manager (Operations & Admn), Employees' Old-Age Benefits Institution, Mr. M. Sadiq Khan, Manager, Sind Branch, E.O.B.I. and Mr. Shujat Siddiqui, Manager (Accounts & Actuarial), E.O.B.I. also attended.

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At the outset, the Chairman welcomed the members of the Board of Trustees to the second meeting of the Board of Trustees which was being held after a long interval for various reasons. He emphasised that the meetings of the Board should be held more frequently. In response to a question from an Employers' representative, the Chairman clarified that it was not binding to hold the meeting of the Board at Karachi and the meeting could be held at any other place. The reason for holding the meetings at Karachi was due to the location of E.O.B.I. Head Office at Karachi where the records were available and information desired by the members could be made readily available to them. He had, however, no objection to holding the next meeting at Islamabad.

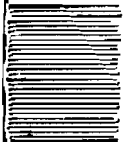
After the above preliminary remarks, the Chairman initiated discussion on the agenda and the following business was transacted:

ITEM NO. 1. CONFIRMATION OF THE MINUTES OF THE FIRST MEETING OF THE BOARD HELD ON THE 13TH AUGUST, 1977.

The following observations were made:

The Employers' representative from Karachi stated that, in the last meeting, he had made certain remarks on the genesis of the Scheme with particular reference to the inadequacy of the benefits and problems relating to registration/payment for a large turnover of casual and piece-rated workers which had not been recorded in the minutes.

The Chairman affirmed that these points were raised in the last meeting and it was decided to undertake a study in depth of the whole scheme by Employees' Old-Age Benefits Institution. This study had been completed and is being examined by the Ministry of Labour. The members can be provided with a copy of the same. As far as, the casual and piece-rated workers are concerned,

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this question can be examined and a detailed working paper be presented to the Board in the next meeting.

Subject to the above observations, the Minutes of the first meeting of the Board held on 13.8.1977 at Karachi were confirmed and signed by the Chairman.

ITEM NO.2. ANNUAL REPORT OF THE EMPLOYEES OLD-AGE BENEFITS INSTITUTION FOR THE YEAR 1976/77.

The Board took up consideration of the above item and the following observations were made:-

(i) The member from Lahore representing employees remarked that from the figures given in the report it appeared that the coverage of insured persons in Baluchistan was extremely unsatisfactory. There was thus a lot of scope for the welfare of workers in that Province. The Scheme should, therefore, be implemented in Baluchistan with greater vigour and zeal.

(ii) The member representing the Labour Department Government of N.W.F.P. stated that in N.W.F.P. also, the registration was not upto the mark in comparison with statistics being maintained by the Labour Department. This could improve if Employees' Old-Age Benefits Institution field staff in the Province, worked in close cooperation with the Labour Department.

(iii) The member from Lahore representing employees, observed that although the request for exemption by the Mining Industry had been rejected, still the Mine owners were not registering themselves, thus depriving the Mine workers of the benefits of the Scheme.

(iv) The member from Karachi representing Employers observed that a large percentage of Institutions' funds was being invested in Khas and Bank Deposits. This should be reduced and diverted to Defence Saving Certificates.

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(v) He further stated that the funds of the Institution should be invested in more profitable ventures through the financial Institutions like ICP, PICIC, IDBP, NIT etc.

The Board was informed by the Head of the Institution that the percentage of deposits from the Khas and Bank Deposits have already been reduced and diverted to Defence Saving Certificates upto 90% of the total investment portfolio of Employees' Old-Age Benefits Institution.

The Board, after considering the observations made by members, decided that frequent liaison should be established by EOBI with the Labour Departments of the Provinces of Baluchistan and NWFP, as liaison was being maintained with the Labour Departments of the Provinces of Sind and Punjab.

Thereafter, the Annual Report of the Institution for the year 1976-77 was approved.

ITEM NO. 3. STATEMENT OF AUDITED ACCOUNTS OF INCOME, EXPENDITURE, INVESTMENTS AND BALANCE SHEET FOR THE YEAR 1976/77 AND REPORT OF THE AUDITORS, MESSRS FORD RHODES ROBSON MORROW THEREON.

A number of comments were made both by the Employers/ Employees representatives and other members of the Board on the audited accounts and balance sheet of the Institution for the year 1976/77 and the report of the Auditors. These related to high percentage of administrative expenses, various loans/advances being granted to the employees and some incomplete debit entries from State Life.

The Board was informed by the Head of the Institution that State Life had since raised these debits and the Accounts entries had been finalised. As for administrative expenses, the Management was fully conscious of this fact and in the coming years the expenditure will be controlled and kept to the minimum.

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The Chairman while agreeing in principle with the queries raised, asked the Management to keep strict control and vigilance over expenses. In order to have a proper check on the income and expenditure of the Institution, he suggested the appointment of a Standing Finance Committee, which should look into these matters from time to time.

It was, therefore, decided to constitute a Standing Finance Committee consisting of the following:

- (1) Mr. Abdul Hamid Dada Bhoy, Convenor
- (2) Mr. Amanullah Qureshi
- (3) Secretary, Labour Department,
Government of Sind, Karachi.
- (4) Chairman, State Life Insurance Corporation,
State Life Building No.2, Wallace Road,
Karachi.

On the suggestions of the Chairman, the Board also authorised the members of the Standing Finance Committee to sign the audited accounts and balance sheet on behalf of the Institution at this meeting.

Subject to the above observations, the statements of audited accounts and balance sheet for the year 1976/77 were signed by the Chairman and other members as authorised.

ITEM NO. 4 APPOINTMENT OF MESSRS FORD RHODES ROBSON MORROW, AS AUDITORS FOR THE YEAR 1977-78 AND DETERMINATION OF THEIR FEES.

The Board noted that the Auditors fee for the year 1976/77 was fixed as Rs.15,000/-. The Auditors, however, submitted that it actually costed them Rs.45,000/- but requested payment of an additional amount of Rs.10,000/- to compensate them for the extra expenses incurred by them. For the next year i.e. 1977-78, they have asked for fee of Rs.31,500/-. The Employers representative from Karachi observed that there was an inconsistency in their demand which was not understandable.

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The Head of the Institution explained that the Auditors demanded Rs.25,000/- for the year 1976-77 on the ground that their work entailed inspection of books and records of two establishments, namely EOBI and State Life, since all transfer entries had to be verified for audit purposes.

It was pointed out by one of the members that appointment of Auditors as well as their fees was normally decided by the Ministry of Finance/Auditor General of Pakistan and the same may be adopted in this case also.

The Chairman however, proposed that Messrs Ford Rhodes Robson Morrow may be appointed as the Auditors for the year 1977/78 if they accepted Rs.25,000/-, which fee was proposed by one of the members, inclusive of all expenses. This was agreed by the Board and it was decided that the Institution should negotiate final settlement with the Auditors on the fees approved by the Board before entrusting the audit to them.

The liability incurred in 1976/77 on auditor's fees was confirmed by the Board as the amount already agreed viz. Rs.15,000/-.

ITEM NO. 5. REPORT OF THE HEAD OF THE INSTITUTION ON THE ACTIVITIES OF EMPLOYEES' OLD-AGE BENEFITS INSTITUTION FOR THE PERIOD 1.7.1977 TO 30.6.1978.

The Head of the Institution presented his report for the year 1977-78 covering the various activities of the Institution including difficulties/problems being faced by the Institution with regard to registration of employers and insured persons. Members posed several questions relating to finances and the administration of the scheme. These included, the number of cases received for exemption, the break-up of advertisement/publicity expenses, overtime and the staff cost. The member from Hyderabad representing employees raised the

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question of terms and conditions of staff transferred from State Life and the payment of bonus to EOBI employees. At this stage the member from Lahore representing employees also joined in support and touched on the question of management/staff relations. He presented a memorandum to the Chairman in this connection.

The Head of the Institution explained the various aspects of the scheme and informed the members that various proformas were prescribed by the Institution to collect as much information as possible, anticipating future improvements or changes so that all information will be available and the Institution will not have to burden workers and employers again for the same information.

So far as the applications for exemptions were concerned, they were being received and decided upon by the Government in the Ministry of Labour. Members of the Board requested for supply of a list of all cases so far decided by the Ministry. During the course of the meeting copies were prepared and furnished to the members.

The members from Kohat and Karachi representing employers inquired about the advertisement expenditure and the disproportionately higher cost in the last quarter of the year. The reasons thereof were explained. The Chairman decided that scrutiny of advertisement/publicity expenses, if need be, may be referred to the Standing Finance Committee constituted by the Board.

As regards Bonus and other benefits to be given to EOBI employees, the Board adopted the Chairman's suggestion that a comprehensive working paper be prepared by the Institution for presentation to the Board in its next meeting outlining, inter-alia, the terms and conditions of EOBI employees, both transferees and direct recruits.

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The Chairman also decided in response to enquiries from some members that a copy of the study made by EOBI for the improvement of the scheme as well as ILO's Report and study by an independent Actuary may be made available to members desiring to pursue these reports.

ITEM NO. 6 STATEMENT OF REVENUE AND CAPITAL. (UN-AUDITED)
EXPENDITURE FOR THE PERIOD 1.7.1977 to 30.6.1978

ITEM NO. 7 BUDGET ESTIMATES OF THE INSTITUTION FOR THE
YEAR 1978-79.

At the request of the members, the Chairman agreed that the Board take up consideration of both items together as they were interrelated. The members were generally of the opinion that expenses on administration, computer and office rents were rather on the high side and expressed the view that efforts should be made to reduce them to a reasonable level. The Chairman informed the members that the Budget Estimates had been revised keeping in view the need to economise under all heads of expenditure and a revised summary of expenses had been distributed among members at the meeting which reflected an overall expenditure of Rs.13.00 millions as compared with the original Budget Estimates of Rs.19.251 millions. However, the full impact of these estimates would not be felt in 1978-79, when the actual expenditure is expected to be much less. As such, the Revised Estimates were approved for submission to the Federal Government (Labour Division).

As regards computer cost, it was observed that they would increase with the passage of time as more employers/employees are registered. It was observed that if this was going to be the situation, then EOBI may well consider installing its own computer.

The Chairman pointed out that the observations of members may be kept in view for long term planning; as its purchase by EOBI at the present juncture or near future may not be an economical proposition. However, he hoped

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that efforts would be made to reduce the cost and improve efficiency after State Life install their own computer which is expected in a few months time. EOBI should be able to get favourable rates from State Life as well as computer time without difficulty.

The member from Karachi representing employers observed that a large sum of money amounting to Rs.4½ lacs was being paid to the State Life as 'investment expenses'. This was considered to be on the high side and it was felt that the investment work could easily be done by EOBI by creating a small cell for the purpose. The Chairman suggested that this matter be also examined by the Standing Finance Committee to which the Board agreed.

Some members also suggested that EOBI should be entirely separated from State Life. The Chairman pointed out that in fact EOBI was a distinct entity for all practical purposes. In some areas there is a dual control but this can also be removed if found to be more efficient and economical.

The Chairman further observed that EOBI will be spending an amount of Rs.50 lacs on computer charges in its three year's operations. Since these expenses were expected to further increase, it would be worthwhile for EOBI to explore the possibility of purchasing its own computer which may not only look after its own needs more efficiently but could also be used as a commercial proposition by utilising spare time for other jobs. The Board approved the Chairman's suggestion that the Standing Finance Committee may look into this question after carrying out a feasibility study.

Following the observations made by the member from Lahore representing employees on high office rents, the Board decided that every effort should be made to reduce expenses on office rent and EOBI should explore the

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possibility of buying a suitable plot of land in Islamabad for the construction of its own building.

The Board decided that a committee should also be appointed which may scrutinise administrative expenses and particularly the requirements of the Institution for additional staff in future. The composition of this committee will be as follows:

1. Commissioner, Punjab Employees Social Security Institution, Lahore.
2. Mr. Khurshid Ahmed.
3. One representative from Employers.
4. One representative from EOBI.
5. One representative from Labour Division.

The Board also authorised the above Committee to engage the services of an O & M Expert/Consultant if considered necessary, either from the market or from the Government on reasonable remuneration.

The Chairman clarified that posts required to be filled under the reorganisation scheme approved by the Labour Division will be proceeded with by the Institution.

Some of the members questioned the justification for keeping a liaison office at Islamabad. They were informed that it was in fact State Life's Liaison Office working for EOBI as well, which was sharing 1/3rd of the expenditure. This arrangement had now ceased and the Liaison function of EOBI had been entrusted to the Inspection Department which had been recently established with its Headquarters at Islamabad.

Concerning the suggestion made by certain members for locating the Headquarters of this Inspection Department at Karachi, it was explained that it was more appropriate to have it located in the North Zone which is centrally located rather than Karachi as it has to keep a vigilant

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eye on the working of the field establishment in the administration of the scheme throughout the country involving frequent touring and inspection in all directions. Moreover, it would also handle the function of liaison with the Federal Government as well as with the Provincial Governments better from a place like Islamabad. The Chairman felt that the choice of the location of its headquarters should be left to the Head of the Institution who was in a better position to determine the advisability and administrative convenience for locating it at a particular place. The Head of the Institution reiterated his view that it was more appropriate to keep the Headquarters of the Inspection Department at Islamabad/Rawalpindi to which the Board had no objection. The Chairman concluded the discussion on this item by pointing out that it was conceivable in the future scheme of things, that the Head office of the Institution itself may be shifted to Lahore or Islamabad once the EOBI have their own building in which case the present arrangement will have been fully justified.

ITEM NO.8 & 9. DRAFT EMPLOYEES OLD-AGE BENEFITS (INVESTMENT OF MONEYS REALISATION OF INVESTMENT AND REINVESTMENT OF PROCEEDS) RULES 1978.

- 9(i) Draft Employees Old-Age Benefits (Determination of Wages for Computation of Contributions) Regulations, 1978.
- 9(ii) Draft Employees Old-Age Benefits (Determination of Complaints, Questions and Disputes) Regulations, 1978.

It was explained that these rules were either in the process of being published in the official gazette in the nature of draft rules/regulations after vetting by Law Division or may have been notified after approval. In the former event, suggestions or objections will be invited from the public and following their consideration will be finally adopted.

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The member from Karachi representing Employers suggested that after publication of the draft rules/regulations in the official gazette, copies may be sent officially to Employers Federation and Workers' Bodies. The Chairman agreed that copies be furnished to the various Associations as suggested and also to the Labour Departments of the Provincial Governments after which they may be put up to the Board at its next meeting along with suggestions, if any, received.

ITEM NO.10. TAKING PART IN POLITICS BY GOVERNMENT SERVANTS AND EMPLOYEES OF CORPORATIONS AND OTHER INSTITUTIONS SET UP BY OR UNDER THE MANAGEMENT OR CONTROL OF GOVERNMENT.

The Board considered and approved the proposal made in the working paper and decided that the Service Regulations be amended accordingly.

ITEM NO.11.i) APPOINTMENT OF A COMMITTEE OF THE BOARD TO HEAR AND DECIDE APPEALS PREFERRED TO THE BOARD UNDER SECTION 35 OF THE ACT.

(i) The Board considered the above proposal and decided that since this question was closely linked with item 8 & 9, its consideration be deferred to the next meeting.

(ii) APPOINTMENT OF A SECRETARY TO THE BOARD TO DEAL WITH MATTERS RELATING TO AND CONCERNING THE BOARD SECTT.

(ii) The Board considered the proposal made in the working paper but felt that at this stage there was no justification for the appointment of a whole-time Secretary to the Board. It, therefore, did not approve the proposal.

ITEM NO.12. ANY OTHER MATTER WITH THE PERMISSION OF THE CHAIRMAN.

1) ISSA SEMINAR: The Head of the Institution placed before the Board for consideration a proposal from the International Social Security Association, Geneva, which is affiliated to the ILO, that Pakistan play host for one of the regional meetings of ISSA by organising a seminar on Social Insurance.



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The Board considered the proposal and agreed, in principle, with the holding of such a seminar. It, however, felt that would not be practicable for EOBI to host such a seminar in 1979, as the Institution was still in its infancy. Pakistan could perhaps play host and benefit from such a seminar a year later, say sometime in 1980. It was also agreed that whenever such a seminar is held in Pakistan, it should be organised at a level and on the terms and conditions on which such functions have been organised in other countries which have played host.

2) NEXT MEETING OF THE BOARD.

The Board after due consideration decided to hold its next meeting on Monday the 26th February 1979 at 10A.M. in Islamabad.

The Board also decided that the meeting to consider the Budget proposals for the year 1979-80 be held at the end of May, 1979.

There being no other item on the Agenda, the meeting concluded with a vote of thanks to the Chair.

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M. A. Khan
Chairman

*Confirmed subject to observation by trustees
meeting*

M. A. Khan

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