



EMPLOYEES'
**OLD-AGE BENEFITS
INSTITUTION**

24th

MINUTE BOOK

HELD AT
KARACHI

ON
23RD NOVEMBER, 1989

TIME
10.00 A.M.

MINUTES OF THE 24TH MEETING OF THE BOARD OF TRUSTEES
OF EOBI HELD AT 10.00 A.M. ON THE 23RD NOVEMBER, 1989
AT THE HEAD OFFICE OF THE INSTITUTION AT KARACHI

The 24th Meeting of the Board of Trustees of EOBI was held at 10.00 a.m. on the 23rd November, 1989 at the Head Office of the Institution at Karachi. The following attended the meeting:-

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| 1. | Mr. S. Ghulam Murtaza Shah,
Secretary,
Ministry of Labour, Manpower
and Overseas Pakistanis,
Government of Pakistan. | President |
| 2. | Mr. Hamid Akhtar Niazi
Financial Adviser,
Labour Division. | Member |
| 3. | Mr. S.S. Hoda,
Joint Secretary,
Labour Division. | Member |
| 4. | Mr. Abdul Hakim Baluch,
Secretary (Labour),
Government of Baluchistan. | Member |
| 5. | Chaudhry Khurshid A. Aziz,
Employers' Representative
on the Board. | Member |
| 6. | Mr. Ahsanullah Khan,
Employers' Representative
on the Board. | Member |
| 7. | Malik Lal Khan,
Employees' Representative
on the Board. | Member |
| 8. | Professor Shafi Malik,
Employees' Representative
on the Board. | Member |
| 9. | Mr. Jehanzaib Khan,
Employees' Representative
on the Board. | Member |
| 10. | Mr. Agha Mohammad,
Employees' Representative
on the Board. | Member |
| 11. | Mr. S. Barkatullah,
Chairman, EOBI. | Member |
| 12. | Mr. M. Ashraf Nadeem,
Director General, EOBI. | Member |
| 13. | Mr. Mujtaba Rasul | Secretary |

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2. The following officers of the Institution attended the meeting to assist the Board in its deliberations:-

1. Mr. Abbas Hussain,
Deputy Director General (EDP).
2. Mr. Abdul Majeed,
Officiating Assistant Director General (Audit)
3. Mr. Mohammad Salim,
Deputy Director (Finance Div.)
4. Mr. Ghulam Mustafa,
Deputy Director (Law)

3. The meeting commenced with recitation from the Holy Quran by Professor M. Shafi Malik.

4. The Board offered Fateha on the sad demise of mother of Mr. Ahsanullah Khan, Member of the Board and wife of Mr. Nabi Ahmed, former Member of the Board of Trustees, and adopted the following Resolutions for condolence:-

RESOLUTION

"Resolved that this meeting of the Board of Trustees of EOBI is deeply shocked at the sad and tragic demise of the Mother of Mr. Ahsanullah Khan, Member, Board of Trustees and expresses its deep sympathy and condolence to the members of the bereaved family. May Almighty Allah grant eternal peace to the departed soul and give courage to the family to bear the loss."

RESOLUTION

"Resolved that this meeting of the Board of Trustees of EOBI is deeply shocked at the sad tragic demise of the wife of Mr. Nabi Ahmed, former Member, Board of Trustees and expresses its deep sympathy and condolence to the members of the bereaved family. May Almighty Allah grant eternal peace to the departed soul and give courage to the family to bear the loss."

5. The Board also desired that copies of these Resolutions may be sent to Mr. Ahsanullah Khan and Mr. Nabi Ahmed.

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6. Mr. S. Barkatullah welcomed the President on the Board, this being the first meeting presided over by him. He stated that he himself and the Board were confident to be benefitted by the President's valuable long experience in the field of Administration, Planning & Development, and assured him of the best co-operation on behalf of the Institution. Professor M. Shafi Malik on behalf of the Workers of industrial and commercial organisations and also of his fellow members on the Board of Trustees welcomed the President and assured of their best co-operation. Mr. Ahsanullah Khan on behalf of the Employers expressed his pleasure on the appointment of Syed Ghulam Murtaza Shah, Secretary, Government of Pakistan, Ministry of Labour, Manpower & Overseas Pakistanis and as President of the Board, and assured him of full co-operation. The President welcomed the Members to the Meeting and thanked them for the compliments. He called the meeting to order and proceedings on the agenda were taken in hand.

ITEM-1: CONFIRMATION OF THE MINUTES OF 23RD MEETING OF THE BOARD HELD ON 25TH MAY, 1989

7. The President invited the Members to comment on recording of the minutes. There being no objection, the minutes of the 23rd Meeting of the Board were confirmed and signed by the President.

ITEM-2: REPORT ON ACTION TAKEN ON THE DECISIONS OF THE BOARD ARRIVED AT IN THE 23RD MEETING

8. Mr. Hamid Akhtar Niazi informed the Board that while the matter of payment of Bonus to the employees of the Institution was in hand he had expressed his apprehension that the Government is not likely to favour this issue and, therefore, the Board ought not take a decision contrary to his advice. Now the Ministry of Finance has refused to allow Bonus to the employees of the Institution. Professor Shafi Malik stated that the decision on the point with regard to Bonus has already been taken by the Board which is not being discussed here for review or revision. The Board was merely concerned about the action taken on the decision arrived at by the Board. Since the letter of Ministry of Finance rejecting the proposal was not presented to the Board, the Board is not going to review its earlier decision. The President agreed with Professor Shafi Malik and it was finally decided that this matter should continue to be dealt with by the Ministry of Labour and Finance until a final verdict on the issue is received, which may then be put up to the Board for perusal.

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9. Professor Shafi Malik invited the attention of the Board towards its earlier decision when at his request it was decided that Institution should bring up a proposal for upgradation of the posts of Assistants who were working in the Institution for 10 or more years. The Working Paper has been prepared and submitted hence the Board may take a decision to upgrade 10 posts of Assistants to those of Senior Assistants. The President suggested that first of all the Board will have to decide in principle whether the phenomenon of upgradation of posts should be allowed to prevail or this should not be resorted to, not being in consonance with the established principles of personnel administration. Professor Shafi Malik was of the view that the Board had continuously been allowing upgradation of posts in case of officers and no discrimination should be made with the members of staff as they were serving the Organisation since number of years but there was no career opening for them. Mr. S.S Hoda informed the Board that a comprehensive working paper is placed before the Board at item No.12 which also deals with upgradation of the posts. Hence the issue of upgradation of the posts of Assistants may be dealt with while considering item No.12. The Board agreed to the proposal.

10. In the last meeting of the Board, it was decided that the Institution should carry out a detailed study, keeping in view various categories of schools vis-a-vis modus operandi for recovery of dues from these Schools. The study was carried out and paper was placed before the Board for consideration. Mr. Absanullah Khan informed the Board that he at his level had a meeting with the owners of various Schools operating in the City. There was a general consensus among them that the Schools should not be covered by the EOB Act, 1976 and they should be exempted from payment of contribution. By levy of Income Tax on the Schools for the first time in the Budget for the year 1989-90, the Schools have already been placed under a heavy financial constraint. He also informed the Board that in view of a genuine misunderstanding that the EOB Act, 1976 was not applicable to Schools and various Writ Petitions were pending before the Courts, a heavy amount of arrears has been accumulated, which the Schools find difficult to pay. He further informed the Board that through his personal persuasion a good number of Schools were ready to get themselves registered under the Scheme and also to start payment of contribution provided the amount in arrears is written

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off. Mr. S. Barkatullah informed the Board that Schools were being run on commercial lines and the owners were making a lot of profit out of this business. However, owing to the fact that arrears for the last 12 years have been accumulated, the Schools were not coming forward for registration/settlement. He informed that he had also arranged a meeting with the Schools wherein the Owners of the Schools expressed their agreement to get 1400 Schools registered and to pay the contribution provided that arrears for only three years were charged and the rest written off. The President was of the opinion that keeping in view the Government's policy to promote education and to arrive at an amicable settlement, ways and means should be suggested within the framework of law to settle this issue. Mr. S.S. Hoda said that Section 16 of the Act provides for extinguishment of claims of contribution in the manner provided in the Regulation and enquired whether the Regulations in this behalf have been made. Mr. S. Barkatullah informed that Regulations had been made but they don't provide any extinguishment of contribution, although there is an express provision in the law for extinguishment of Institution's claim to contribution. He further stated that if the Board so feel, Regulations may be suitably amended to provide for a procedure for extinguishment. The President advised that a detailed legal opinion should be obtained from the Legal Adviser and a paper providing for an amicable settlement on the issue of Schools should be prepared and circulated among the members at least 10 days before the meeting of the Board which may be convened on 28th December, 1989 or on the last Friday of December, at Lahore and in case of his non-availability, the President may nominate some other Member to preside over the meeting under Rule 10(2) of the EOBI (Board of Trustees) Rules, 1977.

11. Mr. Hoda pointed out that action has not been taken by the EOBI regarding decisions contained in para 12 of the minutes (working paper to be prepared regarding ceiling of medical expenses for the officers); para 18 of the minutes (preparation of publicity scheme by the EOBI) and para 33 of the minutes (presentation of pension procedures by the EOBI). It was decided that EOBI would take required action.

ITEM-3: APPOINTMENT OF AUDITORS FOR THE FINANCIAL YEAR 1988-89

12. After detailed discussion on the subject and agreeing with the arguments of Mr. Hamid Akhtar Niazi, against appointment of two auditors, the Board decided that there should be a single firm of auditors to audit the accounts and the proposal to appoint joint auditors was not favoured.

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13. The Board approved the appointment of M/s. Rao & Co., Chartered Accountants as auditors of the Institution for the year 1988-89 at a remuneration of Rs.30,000/- (Rupees thirty thousand only) plus out of pocket expenses to be charged at actuals subject to a maximum of Rs.8,000/- (Rupees eight thousand only).

14. In view of the late appointment of auditors for the year 1988-89, the Board also ratified extension of three months i.e. till 31.03.1990 in the period prescribed for the auditors to submit their report together with an audited copy of accounts for the year 1988-89. The President informed that it was already approved by the Federal Government and communicated vide Labour Division's letter No.SS-2(a)/77, dated 21.11.1989.

ITEM-4: CONSIDERATION AND ADOPTION OF ACTUARIAL VALUATION REPORT

15. The President informed the Board that this was a vital issue which is to be studied in depth before a decision is taken to adopt the report of the Actuarial Valuation. Mr. S. Barkatullah informed that this was highly technical and intricate issue. The Board may, therefore, invite the Consultant to give a brief presentation about their findings and necessary clarification where required, and, if felt appropriate, a Committee comprising of the Members of the Board may be appointed to carry out a detailed indepth study of the report and various options given therein, and submit its recommendations before the Board for a final decision. This Committee, if deemed, necessary may invite the Consultant Actuaries in its meeting for necessary briefing and consultations. He further suggested that since the Consultant Actuaries have been invited for a short presentation, the Board may like to take benefit of their presence. The President agreed and invited the actuaries to give a short presentation. M/s. Samiul Hasan and Shujat Siddiqui gave a presentation about the highlights of the report and various suggestions made by them for improving the Scheme as a measure to step forward towards the ultimate objective of the Institution to provide Old-Age Security to every citizen of Pakistan. The Board, thereafter, appointed a committee comprising of:

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| (1) | Mr. S.S. Hoda | Convener |
| (2) | Mr. Hamid Akhtar Niazi | Member |
| (3) | Mr. Khurshid A. Aziz | Member |
| (4) | Mr. Javed Saifullah | Member |



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(5)	Malik Lal Khan	Member
(6)	Professor Shafi Malik	Member
(7)	Mr. Jehanzaib Khan	Member
(8)	Mr. Agha Mohammad	Member
(9)	Mr. M. Ashraf Nadeem	Member
(10)	Mr. Mujtaba Rasul	Secretary

16. The Committee was advised to hold the meeting expeditiously and formulate their recommendations on the subject. The Committee was authorised to co-opt any other member on the Committee and also invite Consultant Actuaries, if need be for consultation.

ITEM-5: PURCHASE OF POWER GENERATOR FOR THE HEAD OFFICE OF EMPLOYEES' OLD-AGE BENEFITS INSTITUTION

17. The Board was informed that 16 Members of the Board have already agreed in circulation to the Resolution for purchase of a Power Generator of 130/135 K.W. at an estimated cost of Rs.7,00,000/- (Rupees seven lac only) for the Head Office of the EOBI and the Resolution is placed before the Board for approval of the President and confirmation of the Board in line with Rule 16 of the EOBI (Board of Trustees) Rules, 1977. Mr. Khurshid A. Aziz Advised that Generator of various brands were available but care should be exercised in selection of the Engine.

18. The Board confirmed the Resolution and approved the purchase of a Power Generator costing upto Rs.7,00,000/- (Rupees seven lac only).

ITEM-6: REGULARISATION OF PAYMENT OF LEASE MONEY IN RESPECT OF PLOT PURCHASED IN GULISTAN-E-JAUHAR

19. The President was of the opinion that the earlier decision of the Board to acquire the plot included the approval of its cost and all the incidental expenses/charges required to be incurred, in principle had implied budget approval. The Board observed that whenever a decision with regard to purchase of property is arrived at, it shall be deemed to include completion of allied formalities and expenses to be incurred in this regard.

20. The Board authorised the Institution for execution of lease of the property and incur other expenses.

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ITEM-7: REGULARISATION OF THE ADDITIONAL POSTS
SANCTIONED FOR TWO NEW REGIONAL OFFICES.

21. Mr. Ashraf Nadeem explained the position to the Board that in its 23rd meeting while considering budget proposals the Board desired that two new Regional Offices be established one at Abbottabad and the other at Jhelum. Since the proposal was not made by the Institution, the necessary manpower requirement and the budget could not be immediately worked out. The Board, therefore, approved the budget provision in line with that for similar small regional offices already existing and it was left to the Institution to work out the exact strength of the manpower and manage the new Regional Offices within the approved budget amount for the purpose. The Institution on the basis of budgeted amount in consultation with Labour Division estimated 28 additional posts of various cadres for the establishment of the two new Regional Offices. While approving the same the Labour Division desired that ex-post-facto approval of the Board may also be obtained in its next meeting. Mr. Hamid Akhtar Niazi pointed out that making budget provision is one thing and creation of post is a different thing. Provision of the budget by the Board does not mean that Board had allowed the creation of posts also. He was of the view that approval for creation of posts should have been first obtained from the Board. The Board should not be subjected to rubber stamping of what was approved by the government. The President was of the opinion that a view can be taken that by approving budget provision the Board had approved creation of the posts leaving the details to be worked out by the Institution and thus the posts created have the sanction of the Board. He, however, advised that the Board's decision should be explicit and so recorded in the minutes in future.

22. The Board gave its ex-post-facto approval for 28 posts for two new regions.

ITEM-8: ADDITIONAL FINANCIAL REQUIREMENT FOR
THE PERSONAL/MICRO COMPUTER

23. The Deputy Director General (EDP) explained the item to the Board. He informed the Board that previously the Board had approved budget for two personal/Micro computers at an aggregate cost of Rs. 3.00 lacs and further approved Rs.1.00 lac for a personal computer for the Head Office. However, the personal computer compatible to the existing ICL ME-29 main frame at the Head Office are not available within the approved budget. The Board may, therefore, approve a further amount

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of Rs. 1.75 lacs for the said equipment so that the personal computers may be put to use.

24. Mr. Ahsanullah Khan remarked that the Institution was working well and it was essential for maintaining the efficiency level that sub-standard material may not be used by them. He asserted that even if the cost be high, only the standard equipment compatible with the main frame computer be obtained by the Institution.

25. Mr. S.S. Hoda suggested that the personnel record of the EOBI employees be fed in the computer so that any information may be available without delay.

26. Mr. S. Barkatullah informed that the Institution has already taken up this job in hand and necessary data is being collected from the Regional Offices for completion of the personnel information system of the employees of the Institution.

27. The Board desired that the computerisation of the Institution's personnel record be completed in two months time and approved the working paper for additional amount of Rs.1.75 lac and services to be provided to other agencies on payment.

ITEM-9: PROGRESS OF ACTION ON THE RECOMMENDATIONS OF THE
LAST MEETING OF THE CENTRAL VIGILANCE COMMITTEE

28. The President desired to be informed as to why the Board felt the need of a vigilance committee. Mr. Barkatullah explained that the Central Vigilance Committee of the Board was constituted to examine specific matters where the required progress is not being made e.g. building up of record of insured persons, evasion in payment of due contribution, the settlement of claims and to undertake inspection of Regional Offices on test basis to suggest action to be taken for the improvement of the working and removal of bottle-necks in the procedure. Mr. Ahsanullah Khan expressed that the committee was constituted with a view to make a joint approach to the problems by obtaining the points of view of employer, employee and the Institution and provide effective guidance to the working of the Regional Vigilance Committees and visit different Regional Offices for evaluation of the performance and report back to the Board on ways and means for effective administration of the scheme and for this purpose extensive touring was required for which budget

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had also been provided. Professor Shafi Malik added that the Regional Offices of the Institution were located throughout the country away from the Head Office. By constitution of the vigilance committee they would be aware that the members of the Board could also visit the regional offices and form direct opinions on the working of the officials in regional offices. The purpose of the vigilance committee is not to simply have meetings in closed rooms but also going out in the field to observe the problems of the employers as well as the insured persons. Mr. S.S. Hoda pointed out that the report of action on recommendations of the committee was given in a generalised form; they should have been more specific. The President was of the view that for performing of their functions the Institution is not required to wait for direction by the committee. In fact the formation of committees makes the organization feel that their responsibility has been shifted. He suggested, therefore, the committees should not be for general supervision but only for some specific purpose.

29. The Board decided that the Central Vigilance Committee should not act for general supervision of the Institution's working but should take up specific problems for resolving them or give its recommendations for resolving the same.

ITEM-10: DECISION REGARDING TOTAL OUTSTANDING CONTRIBUTION ARREARS AGAINST PRIVATE AND PUBLIC SECTOR ESTABLISHMENTS.

30. The Item-10 was taken up for consideration. It was felt that further information will be required to consider the item.

31. The Board directed the Institution for preparing separate lists of employers in the following manner:-

- i) List of defaulters for continuous three months, 6 months, 9 months and one year or more.
- ii) List of employers having outstanding arrears above Rs.1.00 lac.

32. Remarks column of the lists should show if current payments are being made or the unit is closed and if so, since when closed.

33. Separate lists should be prepared for Public Sector/Private Sector establishments.

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ITEM-11: ADMINISTRATIVE COST OF EOBI AND MEASURES TO REDUCE IT.

34. The item was taken up for discussion. Mr. S.S. Hoda said that the comparison of expense ratio with that of Provincial Social Security Institution is not proper as the nature of work in EOBI is different from their working. The President informed the Board that in foreign countries there are cannons of expenditure of public money and an efficient organisation is expected to maintain expense ratio of 3.5% whereas normal expense ratio is 5% to 6%. He was also of the view that comparison with similar organisations operating in countries having similar working conditions and circumstances say Malaysia, Phillipines will be more realistic.

35. Mr. Hamid Akhtar Niazi drew the attention of the Board to his objections in the past which he had made at the time of the Board's approving more posts for the Institution which in his opinion was one of the factor for raising the expense ratio. Mr. Khurshid A. Aziz said that more information is required to evaluate the expense ratio, full details of contribution recovered and the manpower employed with their cost should be before the Board for making the evaluation. Prof. Shafi Malik said that the increasing trend of the expense ratio had also been discussed while the Board was considering the budget proposals. Malik Lal Khan said that the reason of increase in the expense ratio can well be attributed to the increase in work load of the Institution. The manpower strength of the Institution is bound to increase and shortage of staff also results in loss of collection of contribution.

36. Mr. S. Barkatullah explained that the Institution had been very cautious in employment of manpower and the Board will appreciate that in the beginning even the manpower sanctioned had not been employed immediately but appointments were made when considered absolutely essential. He further pointed out that the cost of living has also increased during the past years resulting in increasing the staff cost as well as the cost of utilities like, telephone, electricity, postal rates and cost of petrol etc., whereas contribution rate has remained static.

37. It was suggested that the expense ratio of similar organisations operating in Malaysia, Phillipines, Egypt and Cyprus may be obtained and the detailed information of contribution collection, arrears of contribution due, staff cost and the cost of other utilities and materials may be examined by the F&A Committee who may put up their recommendations to the Board for consideration.

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ITEM-12: AMENDMENT IN THE RECRUITMENT PROCEDURE OF THE FOB EMPLOYEES.

38. The President informed the Board that some deficiencies in the FOB recruitment rules and certain cases of prima facie irregularities in establishment cases had come to light. Pointing out that Labour Division could have sorted out the matter, the President said he considered it desirable to take the Board into confidence.

39. The Board decided to charge the F&A Committee with the responsibility to:-

- a) study the recruitment rules and come up with proposals aimed at rectifying the shortcomings therein; and
- b) investigate the irregularities committed in the establishment cases and submit a comprehensive report covering all aspects of the matter.

40. ITEM-13: With the permission of the chair, Mr. S. Barkatullah presented the item for consideration of the Board wherein relaxation in grant of loan for purchase of motor car for lady officers in grade-16 was requested. It was explained that the Board had by regulations made terms and conditions under which such loan will be granted to the employees of the Institution. Loan for purchase of motor car could be granted to the officers in grade-17 and above whereas for Grade-16 and below loan for purchase of motor cycle was allowed. A lady officer would not be expected to ride a motor cycle under the social/cultural limitations prevailing in our society. The Board was, therefore, requested to relax the condition in case of lady officers in grade-16 by allowing grant of loan for purchase of a motor car instead of a motorcycle.

41. The Board decided to grant relaxation in cases fulfilling the following conditions:-

"The relaxation shall be only for lady officer in grade-16 who has rendered atleast 5 years service in the Institution and her basic pay is not less than the initial pay of grade-17."

42. The meeting ended with a vote of thanks to the chair.

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