



EMPLOYEES' OLD-AGE BENEFITS INSTITUTION

PAGE No 552

39th

MINUTE BOOK

HELD AT
ISLAMABADON
26 JAN 1995TIME
10:30 AM

MINUTES OF 39TH MEETING OF THE BOARD OF TRUSTEES OF EOBI HELD ON 26TH JANUARY, 1995 AT ISLAMABAD

The 39th meeting of the Board of Trustees of EOBI was held in the Islamabad Club, Islamabad on 26th January, 1995 at 10.30 A.M. The following attended the meeting.

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| 1. | Mr. Sultan Hameed
Secretary, Labour, Manpower
and Overseas Pakistanis Division | President |
| 2. | Mr. K. B. Rind,
Joint Secretary, Industries Division | Member |
| 3. | Mr. Khaliq Ahmed Khan
Joint Secretary, Labour Division | Member |
| 4. | Mr. Anwar Ali Khokhar
Secretary (Labour), Sindh | Member |
| 5. | Mr. Arshad Tanveer
Employers' Representative, Sindh | Member |
| 6. | Mr. Javaid Saifullah
Employers' Representative, NWFP | Member |
| 7. | Mr. Muhammad Rafiq
Employees' Representative, Punjab | Member |
| 8. | Mr. Nabi Ahmed
Employees' Representative, Sindh | Member |
| 9. | Mr. Fazle Rabbi Dard
Employees' Representative, NWFP | Member |
| 10. | Mr. S. Barkatullah
Chairman, EOBI | Member |
| 11. | Mr. M. Ashraf Nadeem
Director General, EOBI | Member |
| 12. | Mr. Mujtaba Rasul | Secretary |

2. Mr. Abdul Majeed, Deputy Director General (F&A), EOBI was also in attendance to assist the Board in its deliberations.

3. The meeting commenced with a recitation from the Holy Quran by Mr. Fazle Rabbi Dard.

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ITEM NO. 1. TO CONFIRM THE MINUTES OF
38TH MEETING OF THE BOARD OF TRUSTEES

4. Taking up item No.1, the objection of Mr. Khaliq Ahmed Khan was considered and the President desired that the views expressed by members on each item may be reflected in the minutes. He invited observations from other members and Mr. Nabi Ahmed observed that it was earlier decided that the papers of working papers for the meeting will be numbered and these page number will be shown on the agenda against each item which was not done. The Secretary Board Mr. Mujtaba Rasul explained that due to a virus entering into the hard disk of the micro computer used in the Board Secretariat, the working papers were got prepared on a number of different computers and then consolidated in one computer for taking out the print and were given page numbers. The agenda was prepared on another computer and due to shortage of time the programme to put page numbers against each item could not be done.

5. The Board with these observations, confirmed the minutes.

ITEM NO. 2. TO CONSIDER REPORT ON ACTIONS TAKEN
ON DECISIONS OF THE BOARD TAKEN IN ITS LAST MEETING

6. Item 2 was then taken up for consideration.

7. Mr. Arshad Tanveer wanted to know the progress made in implementation of the decision of the Board.

8. Mr. S. Barkatullah informed the Board that the package given by the Board in its last meeting was offered to the CBA but was not accepted by them. The negotiations failed and the CBA served strike notice. The matter is at present pending before the Federal Conciliator in the course of law and strike is suspended upto 31st January, 1995.

9. Mr. Nabi Ahmed expressed the view that we had taken a decision and we can review that decision. He said that since the tenure of office bearers of the Union is for a period of two years, the demand for period of agreement to be signed for two years is a valid demand and may be reconsidered. He suggested that the Board may constitute a committee comprising FA, Representative of Employers, Representative of Employees and Representative of EOBI to review the earlier decision of the Board.

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10. Haji M. Rafiq expressed the view that it was only the small adjustments which would satisfy the CBA. He said that the rate of 28% allowed by the Board should not be altered but the period of agreement from 3 years to 2 years may be considered. Mr. Fazle Rabbi Dard agreeing with him stated that the period of agreement be kept for 2 years as that is normal in bilateral negotiations.

11. Mr. Javaid Saifullah stated that the Board decision was taken after detailed deliberations and considering all aspects of the matter. When the offer approved by the Board has not been accepted by the CBA and strike notice has been served by them, they do not deserve any further indulgence.

12. Mr. Khaliq Ahmed Khan observed that the Chairman EOBI very generously looked after the interests of the employees of the Institution but the leadership of the Federation has not appreciated the position and have chosen the venue of uncalled for confrontation which he felt was not a proper attitude on their part. He, however, was of the view that if small adjustment could be made to improve the lot of low paid employees within the parameters given by the Board he would favour it. But the sanctity of decision of the Board must be maintained.

13. The President was of the view that when a decision was taken by the Board after due deliberation and a package has been offered envisioning an overall increase of upto 28% per annum in the staff cost for a three year period of agreement, which is considered a very reasonable package it should be maintained and no review is required as the decision has already been taken at the highest level.

14. Regarding the decision of the Board indicated at para 16 of the item, Mr. S. Barkatullah gave a presentation of investment in WAPDA and KESC Bonds which required exemption from Investment Rules and if Government directs to invest in these bonds than the rules must be relaxed for the purpose. He informed the Board that while giving presentation before the Advisor to Prime Minister and Deputy Chairman, Planning Commission etc., he had stated that the return of 15.5% on WAPDA Bonds was less than the average investment yield of the Institution and, therefore, he had suggested that the rate of 16.5% may be given on WAPDA Bonds to avoid any loss to the EOB Fund which is for the benefit of workforce of the country. The rate of KESC Bonds may also be improved to match the rate of yield of past years so that the flow of investment under these two heads could be met.

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15. The second important point presented was some sort of security in the form of letter of comfort needed to safeguard security of the EOB fund which is a trust fund. This security/letter of comfort was all the more required in view of the news item regarding prospective privatization of WAPDA which appeared in the press.

16. Mr. S. Barkatullah further informed the Board that it was very satisfying that the high level committee agreed to his proposals and approved to increase the rate of mark-up on WAPDA Bonds from 15.5% to 16.5% and in the case of KESC Bonds from 15.5% to 17% payable on half yearly basis in addition to providing letter of comforts/security for the investment of the funds and the invest income shall commence from the day the funds are invested in State Bank of Pakistan on account of WAPDA and KESC Bonds.

17. The Board highly appreciated the efforts made by Chairman EOBI which not only increased the rate of yield considerably but also provided security to the funds which is the prime objective of the investment policy of the Institution and greeted the Chairman for commendable performance.

18. The Board, while appreciating the role of Chairman, decided that the funds of the Institution should be invested even at Federal Government directives only in those portfolio where the investment yield is not less than the existing yield.

ITEM NO. 3. TO CONSIDER REORGANISATION OF F&A
DIVISION

19. Mr. S. Barkatullah informed the Board that the operation of accounts in the Institution is on centralized basis. During the last eight years a number of Zonal and Regional Offices have been opened and the workload of the F&A Division in the Head Office has correspondingly increased but the manpower to cope with the increased load of work was not provided. He stated that the item was thoroughly examined by the F&A Committee as desired by the Board. The minutes of the F&A Committee containing its recommendations are placed before the Board for approval.

20. The Board after considering the minutes of the F&A Committee decided to approve the recommendations of the F&A Committee to create one post of Director, one post of Deputy Director, one post of Assistant Director and six posts of Executive Officers in Finance cadre for F&A Division of the Institution.

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ITEM NO. 4. TO CONSIDER PROVISION OF
SO/PS/PA FOR THE SENIOR OFFICERS.

21. Mr. S. Barkatullah informed the Board that during past many years due to ban on appointments P.S. and P.A's could not be provided to Regional Heads, Directors and even some Assistant Director General which is affecting the efficiency of working in the Institution.

22. Mr. Javaid Saifullah was of the view that a large number of industries registered with EOBI had closed down. If de-registration of registered employers would have been properly carried out the pressure of work which appears to be much would not remain, so. He expressed the view that process of de-registration was made very tedious as information of closure was required from about 18 agencies whereas only confirmation by Regional Director EOBI should be considered sufficient.

23. Mr. Arshad Tanveer stated that there were 18 or so agencies from whom information regarding closure of a unit could be obtained but it was not necessary to receive information from all these agencies, only if the fact is confirmed by two agencies that would be sufficient and the de-registration committee for Sindh has devised a format on which information is given by the Regional Office on the basis of which de-registration is being carried out.

24. Mr. Ali Anwar Khokhar observed that there were many factors to be considered in de-registration. A unit may close down temporarily for some reason and re-open after some time; there may be just a change of nomenclature. Only those units have to be de-registered which have really become non-existent. Mr. Ashraf Nadeem said that even if an establishment becomes non-existent, the liability for payment of outstanding contribution remain and so the name of the establishment continues in record of the Institution.

25. Mr. Nabi Ahmed said that the important thing in de-registration of closed units was to obtain the record of their employees so that they may not be deprived of benefits.

26. Mr. S. Barkatullah stated that it may be true that many of the registered establishments may have closed down but they do not have much relevance with the manpower requirement under this item. In any case P.A's are required to be provided to Regional Heads and Directors for efficient disposal of work.

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27. The Board then decided to approve the recommendations of the F&A Committee that D.D.G's and A.D.G's should be provided with P.S. and accordingly 6 posts of P.S. and 11 posts of P.A. should be created for provided to Regional Heads/Wing Heads/Directors in the Head Office who have not been provided with a P.A.

ITEM NO. 5. TO CONSIDER PROPOSAL FOR
CONVERTING STAFF POSTS INTO JUNIOR OFFICERS CADRE

28. Mr. S. Barkatullah informed the Board that in staff cadre, appointments in the grade of N.Q., Driver and Assistant only can be made. Posts of Senior Assistants and Superintendents are filled only by promotion. The management, in order to provide incentive to the members of staff prompted them to acquire qualification prescribed for appointment in Executive Officer grade and qualified members of staff, if selected on merit, may be considered for upgradation of their post to that of Executive Officer on probation for 18 months after satisfactory completion of which period they could be confirmed in the grade of Executive Officer. This incentive worked very well and staff members improved their qualifications with the result that 37 employees in staff cadre now possess the qualification for appointment as Executive Officers. He said that essence of the scheme was advancement for staff without increasing the number and expense. The criteria for selection would be 3 years confirmed service with excellent reports or 5 years confirmed service with good reports.

29. Mr. Anwar Ali Khokhar appreciated the concept but suggested that in process of selection, merit should be the prime consideration.

30. Mr. Khaliq Ahmad Khan was of the view that instead of converting the posts to officers cadre, incentive could well be given by way of granting special pay or accelerated promotion to those employees who acquire higher qualifications.

31. Mr. Nabi Ahmed was of the view that the scheme of the management was quite beneficial in the sense that it provides incentives and improve qualification, gave opening to the staff one the one hand and on the other made them to work as officers with responsibility without much extra cost on the Institution. This was the tactics used by some multi-national companies for improving the efficiency of working.

32. The President desired that transparency be maintained in selection process which should include a written test with 50% qualifying marks and then

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interview by an appropriate selection committee.

33. After some more discussion the Board decided to approve the recommendation of the F&A Committee to upgrade 10 staff cadre posts in pay scale 3, 4 and 5 to that of Executive Officers cadre to be filled up from among the eligible members of the staff strictly on merit. Staff members possessing the requisite qualification with 3 years confirmed service with excellent A.C.Rs or 5 years confirmed service with good A.C.Rs will be eligible to compete and must clear a written test and interview by the appropriate selection committee.

ITEM NO. 6. TO CONSIDER PROVISION OF
MICRO COMPUTERS TO THE OFFICERS OF THE INSTITUTION

34. The Board decided to approve the proposed scheme for allowing advance equal to the amount of cost of micro-computer with a printer not exceeding Rs.80,000/- per set and allocated a total amount of Rs.960,000/- for the purchase of computers/printers under this scheme. This advance will be subject to mark up @ 5% per annum and recoverable in 60 equal monthly instalments by deduction from the salary of the officers concerned.

ITEM NO. 7. TO CONSIDER THE TERMS OF REFERENCE
FOR CONSULTANCY SERVICE (TOR) FOR
PROPOSED STUDY TO REVIEW, REVISE AND INTEGRATE
THE EXISTING SYSTEMS OF THE INSTITUTION

35. The Board approved the proposed actuarial study as recommended by the F&A Committee for development of mortality table and actuarial valuation including inter alia the following:

(i) Increase in minimum pension on the basis of the existing rates of contribution by the employers and the Federal Government.

(ii) Feasibility of employees' contribution and its impact on the return.

(iii) Impact on the return if the matching contribution by the Federal Government is reduced/discontinued and in case of its inevitability, the case for phasing out the proposal.

(iv) Feasibility for entitlement to invalidity pension and survivors pension in case of invalidity or death of an insured person without the condition of a certain minimum period of insurable employment.

36. The Board further decided that this being an assignment of highly technical and professional nature and almost entirely dependent on the professional

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competence of the Actuaries, the normal condition of inviting bids should be waived and the assignment should be awarded to M/S Akhtar, Hasan & Company, Consulting Actuaries and their proposal inclusive of their professional charges may be decided by the F&A Committee of the Board.

ITEM NO. 8. TO CONSIDER THE ABSORPTION OF
DEPUTATIONISTS

37. The Board approved the recommendations of the F&A Committee to absorb those deputationists who were selected for appointment in the course of prescribed selection procedure provided their services were found to be useful and satisfactory. The Board also approved the absorption of those officers whose parent organisations had wound up or who were declared surplus provided they possess the prescribed qualification/domicile and the appropriate selection committee recommends them fit for appointment. Other deputationists may be allowed to continue till expiry of their period of deputation with mutual consent subject to a maximum of 5 years and then reverted back to their parent organisations.

ITEM NO. 9. TO CONSIDER THE ANNUAL ACCOUNTS OF THE
INSTITUTION FOR THE YEAR 1993-94

38. The Board appreciated the growth in the Fund of the Institution as reflected in the audited accounts of the Institution for the year 1993-94. Mr. S. Barkatullah pointed out that auditors have reported in their management report that according to EOB (Audit and Accounts) Rules, 1977, contribution and pension should be recorded on accrual basis while since inception the same are being recorded on cash basis. It was stated that the existing practice of recording contribution and pension on cash receipt basis is being followed since inception due to impracticability of recording the same on accrual basis as the outstanding contribution and pensions cannot be determined / assessed accurately keeping in view the special nature of the operation of the Institution. The Board therefore decided that the existing practice may be continued and the necessary amendments in the EOB (Audit and Accounts) Rules may be put up in the next meeting of the Board to bring the Rules in conformity with the practice. The Board also approved the Audited Annual Accounts for the year 1993-94 as recommended by the F&A Committee.

39. There being no other item for consideration, the meeting ended with vote of thanks to the Chair.

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