



EMPLOYEES' OLD-AGE BENEFITS INSTITUTION

40th

MINUTE BOOK

HELD AT
ISLAMABAD

ON
18.04.1995.

TIME
10.30.A.M.

MINUTES OF THE 40TH MEETING OF THE BOARD OF TRUSTEES OF EOBI HELD ON 18-04-1995 AT ISLAMABAD.

The 40th meeting of the Board of Trustees of EOBI was held in the Islamabad Club, Islamabad on 18th April, 1995 at 10.30 A.M. The following attended the meeting:

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| 1. Mr. Sultan Jameed
Secretary, Labour, Manpower
and Overseas Pakistanis Division. | President. |
| 2. Mr. Khalique Ahmed Khan
Joint Secretary, Labour Division. | Member. |
| 3. Mr. Anwar Ali Khokhar,
Secretary, (Labour) Sindh. | Member. |
| 4. Mr. Javed Alam Khanzada,
Secretary (Labour) N.W.F.F. | Member. |
| 5. Mr. Meerani Khan Douthani,
Secretary (Labour), Baluchistan. | Member. |
| 6. Mr. Anshad Tanveer,
Employer's Representative, Sindh. | Member. |
| 7. Mr. Muhammad Rafique,
Employees' Representative, Punjab. | Member. |
| 8. Mr. S. Barkatullah,
Chairman, E.O.B.I. | Member. |
| 9. Mr. M. Ashraf Nadeem,
Director General, EOBI. | Member. |

2. Mr. Abdul Majeed, Dy. Director General (F&A) EOBI, Mr. N.H. Subzwari, Assistant Director General (PEC) and Raja Faizul Hassan Faiz, Deputy Director (Legal) were also in attendance to assist the Board in its deliberations.

3. The meeting commenced with recitation from the Holy Quran by Mr. Ashraf Nadeem, Director General, EOBI.

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Item No. 1: TO CORRECT THE MINUTES OF 35TH MEETING OF THE BOARD OF TRUSTEES

1. The President inquired if there were any objections to the confirmation of the minutes. There being no objections the minutes of the Board were confirmed.

Item No. 2: TO CONSIDER REPORT ON ACTIONS TAKEN ON DECISIONS OF THE BOARD TAKEN IN ITS LAST MEETING

2. Item No. 2 was then taken up for consideration. The President appreciated the way in which the decisions of the Board have been implemented by the Institution.

Item No. 3: TO CONSIDER PERFORMANCE OF THE INSTITUTION DURING THE PERIOD FROM JULY, 1994 TO JANUARY, 1995.

3. Opening the discussion on performance of the Institution, Mr. S. Barkatullah took the floor and informed the Board that inspite of the law and order situation of Karachi, from where more than 40% of the total revenue is collected, the Institution is performing very well. He requested the President that he should approach the Finance Division for early clearance of matching contribution from the Government, delay in which cause loss of investment income. The President informed the Board that he has already taken up the matter with the concerned quarters. He emphasized that the work load on the Institution has been increased by 40% while on the other hand the number of staff is short by 19%. He suggested that when report of the Labour Sub-Committee and Mirza Commission have been submitted, it was expected that quantum of work would increase by many folds. In view of this, the Institution would require additional manpower to effectively handle the job and produce high quality service.

4. Mr. Meerani taking the floor appreciated the service of the Institution. He however, stressed that the Mine workers in Baluchistan were not registered under the Act, as such that class of workers could not enjoy the benefits like the others. Mr. S. Barkatullah informed the Board that he had been working on the subject for the last many years. The system of employment in the area is quite different from the others. The hard system of "Morisari" and the mine owners would not pay any wages to the mine workers. They use to pay according to the tonnage of coal extracted to the "Morisari" who distributes the money among the coal cutters. He further said that through Mr. Saeed Hashmi, the Minister in Baluchistan Cabinet now a days, he stressed upon the mine owners, to get the mines

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registered under the Act and pay contribution. He also suggested that a policy may be devised so that a flat rate contribution @Rs.150/- per worker, per month may be collected from the mine owners.

8. After some discussion it was agreed that the contribution from mine owners may be charged @3% of wages or Rs.150/- per month per worker depending upon the circumstances of the case. Necessary amendment to the effect was to be made and put up before the Board to implement the decision.

9. Mr. Javed Khanzada pointing out the suffering of the contractual labour said that majority of them did not get any benefits under any Labour Law including the EOB Act. The Institution should devise a system so that they may get pension. Mr. S. Barkatullah clarified that there is no distinction of temporary, permanent or contractual labour in the EOB Act. There is only one distinction that person who is working in an establishment with 10 or more employees is registrable under the Act. He emphasized that the scheme should be made more simpler, contribution be made payable on flat rate and every establishment be not included in the ambit of the law.

10. Mr. Javed Khanzada opined that the establishments even with one employee be included in the purview of the Act. Mr. Anwar Ali Khokhar referring to the quantum of arrears wanted to know the recoverable/non-recoverable portion. Mr. S. Barkatullah clarified that the arrears of 13 years are not on actual basis. It includes the arrears which assessed by the Institution. On settlement it could come down to 30% of the assessment.

11. Mr. Arshad Janveer said that no Region-wise detail was provided to the Board. Mr. Muhammad Rafique said that the target to the Regions be allocated separately for the arrears and current contribution. Mr. Ashraf Nadeem clarified that actually the targets were allocated to the Regions on the basis of current contributions from new establishments and arrears recoverable.

12. Mr. Arshad Janveer, referring to his experience gained during the meetings of de-registration committees held in various Regional Offices, pointed out certain flaws in administering the systems of record keeping and wanted improvement in the situation.

13. Mr. S. Barkatullah appreciated the contribution made by Mr. Arshad Janveer in Board meetings as well as in various Committee of the Board viz. Investment Committee and De-Registration Committee etc. He assured the Board that flaws

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indicated in the system will be collected accordingly.

14. After the detailed discussion it was decided that a Region-wise and preferably E.O. wise statement regarding quantum as well as recovery of arrears would be put up before the Board in its next meeting after the budget meeting for consideration and writing off of non-recoverable arrears.

Item No. 4: TO CONSIDER THE DRAFT OF FINANCIAL ADVISOR'S REPORT.

15. Item No. 4 was then taken up for discussion.

17. Mr. S. Barkatullah informed the Board that Mr. Ifan Husain, Financial Advisor EOBI is busy at Staff College as such Mr. Khalique Ahmed Khan be appointed as convener of the Committee.

18. The President desired that the proposition referred to in the working paper may be entrusted to the Finance Committee and comprehensive report be put up before the Board in the next meeting.

19. The Board decided that the Purchase Committee in the convenorship of Mr. Khalique Ahmed Khan should scrutinize the offers and submit its report in the next Board meeting for consideration.

Item No. 5: TO CONSIDER APPROVAL OF CONSOLIDATED RULES 1977.

In the light of objection taken regarding Item No. 5, Item No. 5 was dropped.

Item No. 6: TO CONSIDER AMENDMENT IN EOBI (AUDIT AND ACCOUNTS) RULES, 1977.

21. Mr. S. Barkatullah informed the Board that in the last meeting the Board while approving the audited accounts of the Institution desired that the existing practice of recording the contribution and Pension on the basis of actual receipts and disbursements may be continued and necessary amendment in EOBI (Audit and Accounts) Rules may be put up for consideration of the Board.

22. In the light of the decision proposed amendment is placed for approval. Mr. Arshad Ishaq wanted to know the change in present system after the amendment. Mr. Abdul Majeed clarified that no change in the existing procedure would be necessary as the Rule is proposed to be made in conformity with the practice.

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23. The Board approved the proposed amendment in Rule 4(2) and the consequential amendments in Form PI-04 and PI-06 with amended Rule 4 (2) to be read as under:

'4(2) The items on the income side of the revenue account must relate to income whether actually received or not and the items on expenditure side must relate to expenditure whether actually paid or not. However, contribution and pension should be recorded on the basis of actual receipts and disbursement respectively.'

24. The Board also approved the amendment in Rule 2(d) dealing with the definitions replacing the name of State Life Insurance Corporation of Pakistan with EOBI with the amendment definition to read as under:

'(d) Institution means the Employees' Old Age Benefits Institution.'

Item No. 7: TO CONSIDER PAYMENT OF BONUS TO THE EMPLOYEES OF THE INSTITUTION.

25. Mr. S. Barkatullah informed that it was decided by the Board that if the performance of the Institution improves and the rate of the Bonus approved by the Board remains the same as was in the previous year the Bonus may be paid to the employees. The Finance Division has also instructed that the payment of Bonus will be recommended by the Board of the Institution and be finally approved by the Finance Division.

26. As the performance of the Institution for the last three years had been satisfactory, with investment yield showing progressive increase and rate of Bonus is same, therefore, payment of Bonus at the following rates for the year 1992-93 and 1993-94 may be approved.

Staff Members	2 months pay
Officers	1.5 months pay

27. Mr. Arshad Tanveer observed as to why the Bonus for 1992-93 was being brought to the Board so late. Mr. S. Barkatullah clarified that disbursement is made on the eve of two Eids as an advance and adjusted against Bonus after the approval is given.

28. The Board approved the payment of Bonus for the years 1992-93 and 1993-94 @ 2 months pay and 1.5 months pay for the members of staff and Officers respectively. Approved additional budget the propose. The Board further directed that in future

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The case for payment of Bonus should be put up to the Board every year in the meeting held immediately after Eid ul Fitr when first disbursement of advance against Bonus is made.

Item No. 8: TO CONSIDER ESTABLISHMENT OF AN INVESTMENT BANK AND/OR AN INVESTMENT FUND.

29. Opening the deliberations on item No.8. Mr. S. Barkatullah informed the Board that in order to explore avenues of increasing the yield on investment Fort folio, the Institution has been considering various options. In the recent meeting of Senate Sub Committee of Labour & Social Welfare a consensus was also emerged that at least a portion of investment should be made directly in production and high yield areas.

30. In view of this, the Institution assigned a Private Consultant of high repute to prepare a pre-feasibility study on various options available, which was placed for consideration of the Board. He said that the Institution would consider to establish the Investment Bank in collaboration of Foreign Bank like Bank of America, Faisal Bank, etc.

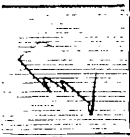
31. Mr. S. Barkatullah further informed the Board that Mr. Irfan Husain, Financial Advisor of the Board is of the opinion, which was circulated in the meeting that in view of the Government's Policy to privatise as many Public Sector Enterprises, including the Banks, as possible, to set up a Bank by the Institution would appear to be working against the official policy.

32. Mr. Anwar Ali Pkhat was of the view that as the banking is not the field of the Institution, it should not enter into this field.

33. Mr. Javed Khanzada was of the view that creation of an Investment Bank would be in conflict with basic aims of the Institution which is a social welfare organisation and should concentrate on increasing benefits to the workers.

34. The President opined that only 10 to 15 crore rupees would be invested in the Bank and as it would not have a substantial impact on the fund. He further said that before establishment of such institution, approval from Ministry of Finance is necessary. He desired that summary should be sent to have approval of the Ministry of Finance and after having the said approval comprehensive feasibility report may be got prepared.

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38. After detailed discussion the Board decided that the concurrence of Finance Division may first be obtained after which the matter may be placed before the Board for consideration.

Item No. 3: OPTION TO PURCHASE A CAR ON BOOK VALUE TO A SENIOR RETIRING OFFICER.

39. Mr. S. Barkatullah informed the Board that number of other organisations viz. State Bank, NDFC, ICP, PIA, etc. have a policy whereby a retiring officer is allowed to exercise an option to purchase the vehicle which was allowed to him during service, on book value.

40. Mr. Arshad Tanveer was of the view that a book value of the car would have been zero after depreciation of five years, therefore, a car cannot be offered on book value. Mr. Khalique Ahmed Khan and Mr. Javed Khanzada also expressed the same views.

41. Mr. S. Barkatullah emphasized that keeping in view the services of the officers to the Institution, they should be allowed the facility.

42. After some deliberations it was decided that a detailed working paper be put up alongwith protection of the officers due to be retired during the next five years with definite criteria for availing the facility in the budget meeting held after Board meeting.

Item No.10: TO CONSIDER PERFORMANCE OF THE EDP DIVISION.

43. Mr. S. Barkatullah informed that the Institution is in a phase of computerisation upto a Regional Office Level. To start with, Nazimabad Region has been selected and work is in progress. In this way we will be able to see and overcome that difficulties in transfer of data to the Head Office on magnetic disks.

44. Mr. Arshad Tanveer desired to know whether all Karachi Regions will be computerised by June, 1995. Mr. S. Barkatullah informed that the target is likely to be achieved by December, 1995.

45. The President appreciating the efforts of the Institution and emphasized need of record building of insured persons and employers to overcome the difficulties faced by them at the time of settlement of pension cases.

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Item No. 11: ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR

- a. HOUSE BUILDING/PURCHASE LOAN FOR THE SECOND TIME AS PER NEW ENTITLEMENT IN RESPECT OF MR. MUHAMMAD AZAM, DRIVER.

46. The Board as a very special case allowed Mr. Muhammad Azam, Driver to avail House Building Purchase Loan second time and according to his fresh entitlement. However, the Board decided that this should not be quoted as a precedent for future and the loans to employees should be allowed strictly according to EOB Loan Regulations.

- b. WAIVING OF OUTSTANDING BALANCES OF LOANS AND ADVANCES IN RESPECT OF THREE DECEASED EMPLOYEES OF THE INSTITUTION:-

47. The Board allowed to extinguished balance of loan and advances payable by the deceased employees of the Institution as per following details:-

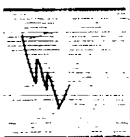
Name of deceased Employee.	outstanding Loans U/r-4	others U/r-8	U/r-9	Excess Med.	Total Rs.
M. Sarwar.	5167/-	-	-	-	5,167/-
Mohd. Ali.	20716/-	19158/-	12217	21,198/-	73,289/-
Mushtaq Ahmed.	-	2187/-	14662/-	-	16,854/-
TOTAL:	25883/-	21345/-	26884/-	21,198/-	95,110/-

C. AGREEMENT FOR BANKING SERVICE.

48. Mr. S. Barkatullah informed the Board that since inception the Institution's Banking services are being provided by the Habib Bank Limited. Upon expiry of agreement quotations/proposals were invited from all leading Banks, which were placed before the Board for consideration. He also informed the Board that Senior Officers of the Banks having authority to finalize the deals were also advised to be present and the Board may give them the opportunity to present their respective view points in person.

49. The Board after going through the details of the quotations given by Habib Bank, Allied Bank, Muslim Commercial Bank and National Bank gave chance to the Officers of the Banks for presentation and negotiated the cost offered by them. And after their negotiated revised offers it was found that the current offer of Habib Bank was still the lowest. However, the Board still felt that

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Total record of pension claims etc. was available with Habib Bank who had already acquired expertise and skill in handling this magnitude task and then had been no major complaint against them. After negotiation the officials of the Habib Bank Limited were agreed to accept SNTD of Rs.43 million instead of Rs.45 million agreed to with Chairman EOBI.

50. The Board having apprised a the fact that the office of H = Habib Bank Limited, was the best one, appreciating that the banking service to the Institution was a multifarious job which includes disbursement of pension to old person nearest to their home, which requires strong set up. A new bank could not be able to handle the job effectively.

51. The Board keeping in view the experience of the bank and institution in working with each other, having no major complaint in service and existing set up approved to renew the agreement with Habib Bank Limited for a period of three years with deposit of Rs.43 million in 30 days SNTD as remuneration for their services

(d) TO CONSIDER APPOINTMENT OF M/S. HASHMI AND CO. CHARTERED ACCOUNTANT AS AUDITOR OF THE INSTITUTION FOR THE YEAR 1994-95.

52. The Board approved appointment of M/s. Hashmi & Company, Chartered Accountants as auditors of the Institution to audit the accounts for the year 1994-95 at the audit fee of Rs.50,000/- plus out of pocket expenses payable at actual subject to a maximum of Rs.12,000/-.

53. Before close of the meeting the President desired that the Institution should consider feasibility to construct a building in collaboration with M/s. Overseas Employment Corporation on a plot owned by it at Islamabad. He also desired to consider purchase of building where the travel office of the said Corporation is presently housed so that they may continue to occupy and pay rent to EOBI on market rate.

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

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