

MINUTES OF THE 57TH MEETING OF THE BOARD OF TRUSTEES HELD ON 2ND FEBRUARY 2002 AT 8:00 A.M IN THE BOARD ROOM OF EOBI HEAD OFFICE, KARACHI.

The 57th meeting of the Board of Trustees of EOBI was held on Saturday, the 2nd February, 2002 at 8:00 hours in the Board Room of EOBI Head Office, Karachi. Mr. Farhat Hussain, Secretary, Labour, Manpower & Overseas Pakistanis, Government of Pakistan being President of the Board, presided over the meeting.

2. The following attended the meeting:-

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| 1. | Mr. Farhat Hussain
Secretary, Labour, Manpower
& Overseas Pakistanis,
Government of Pakistan,
Islamabad. | President |
| 2. | Mr. Dost Muhammad Khan
Financial Adviser,
Labour Division, | Member |
| 3. | Mr. Tauqir Ahmed
Joint Secretary (Labour),
Ministry of Labour, Manpower & Overseas Pakistanis,
Islamabad. | Member |
| 4. | Maj.(R) Iqbal Ahmed
Secretary Labour, Punjab | Member |
| 5. | Syed Arshad Ali
Secretary Labour, Baluchistan | Member |
| 6. | Mr. Danish K. Monnoo
Employers' Rep. Punjab | Member |
| 7. | Mr. Nazim F. Haji
Employer's Rep. Sindh | Member |

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| 8. | Mr. Nooruddin F. Daud
Employers' Rep. NWFP | Member |
| 9. | Sardar Ali Ahmed Jomezai
Employers' Rep. Baluchistan | Member |
| 10. | Ch. Zaheer Ahmed Taj
Employees' Rep. Punjab | Member |
| 11. | Mr. Abdul Aziz Abbasi
Employees' Rep. Sindh | Member |
| 12. | Mr. Muhammad Zaman
Employees' Rep. NWFP | Member |
| 13. | Mr. Sultan Muhammad
Employees' Rep. Baluchistan | Member |
| 14. | Mr. Nooruddin Shaikh
Director General (F&I), EOBI | Member |
| 15. | Raja Faizul Hassan Faiz | Secretary BOT |

3. Mr. Javed Rashid Siddiqui, Director General (Ops), Mr. Abdul Majeed, Dy. Director General (F&A), Mr. Zameer Ahmed, Dy. Director General (EDP), Mr. Abdul Hameed Chaudhry Dy. Director General (HRD) and Mr. Khalid Javed Chaudhry Dy. Director General (B&C) also attended the meeting to assist the Board in its deliberation.

4. The Federal Minister for Labour, Manpower & Overseas Pakistanis Mr. Ovais Ahmed Ghani addressed the members of BOT. The Minister was given presentation regarding various activities of the Institution as well as different aspects of the EOB Scheme particularly with reference to the voluntary application of the EOB Act, 1976 to the establishments employing

less than 10 persons, self-assessment scheme and enhancement of minimum pension to the insured persons from Rs. 630 p.m to Rs.700 p.m. He showed his concern over the most burning issue of Rs. 1.04 billion scam in the Institution. He said that in every establishment there were warning signals to check financial irregularities and unfortunately in EOBI that system did not respond. He was of the opinion that there should be very powerful checks. He further stated that the system started weakening w.e.f 1993-94 when the single officer was made incharge of the Investment, Financial & Audit Portfolios. The Audit Department should and must be independent. The Board should take steps to strengthen the system. The functions should be clearly described so that no leakage takes place in future. The members should make the Board strong, powerful and effective. The viability of the Institution was at stake. The rate of pension had been increased, the Government had stopped its contribution to the pension fund. The rate of profit in the market was on decline. The scheme which was made on the actuarial projections for 50 years was then in a position to pay the benefits upto 25 years only. The Government was determined to increase the pension support to the insured persons. Referring to a report of Asian Development Bank, he pointed out that the expense ratio of the Institution in relation to the contribution income was @ 20% which was too high. It was time when the whole Institution was required to be reviewed. The members of the Board with the help of officers of the Institution and experts from the market should suggest ways and measures to improve the Institution. The President BOT informed the Board that the NAB Authorities have engaged two Advocates, Supreme Court, as Prosecutor to assist in the investigation and prosecution of the EOBI reference concerning Repo Deal / Sale of FIBs. They have also requested that fee of the lawyers and all other necessary

expenses involved in the prosecution of the case including stay and boarding of the lawyers may be paid by the Institution. The Board approved the payment of the fee and other expenses including stay and boarding of the lawyers.

5. Mr. Muhammad Zaman referring to the earlier meeting of the Board said that the Head Office of the Institution must be shifted to Islamabad. He further stated that the number of the staff and officers should be determined. He pointed out that the EOB Fund was created for the welfare of the poor insured persons but huge amount of fund is being incurred on the high salaries and wages to the employees. Mr. Zaheer Ahmed Taj, referring the formula given in the schedule of the EOB Act, said that no logic was provided for that formula. He wanted to know the exact need as to why that formula was adopted to calculate pension. He further stated that in the beginning, the Institution had only one cadre of the officers i.e General Cadre but later on special cadres were formed to benefit particular persons.

6. The Minister said that the Institution should be re-structured with the objective of strengthening the Institution.

7. The Minister desired the following immediately:-

- a) Financial and Investment System should be tightened. The investment committee should immediately decide the signatories to discharge the bonds.

b) A sub-committee should be created for re-structuring of the Institution. The Minister was informed of the following reports regarding re-structuring of the EOBI viz.

- i). M/s. Sidat Morshid Report
- ii). Management Services Wing Report
- iii). EOBI Report

8. The Minister desired that the said reports must be sent to the members of the Board within a week. The Minister called on the members of Board of Trustees to volunteer themselves to be the member of re-structuring committee. Mr. Nooruddin F. Daud, Mr. Zaheer Ahmed Taj, Mr. Nazim F. Haji, Mr. Danish K. Monnoo and Mr. Sultan Muhammad volunteered themselves to be the member of the Committee. On the suggestion of Mr. Nazim F. Haji, Mr. Nooruddin F. Daud was made convenor of the committee and Mr. Tauqir Ahmed was also appointed as member of the committee. The Minister desired that the committee should present its work plan regarding re-structuring by 31/3/2002.

9. Mr. Zaheer Ahmed Taj pointed out that he had requested for supply of information regarding registered employers as well as pension holders but the Institution had yet not supplied the said information. Director General Operation promised to give the details regarding pension holders within a couple of days. The Secretary BOT supplied the required information regarding registered employers on CDs to each member of the Board. Mr. Muhammad Zaman pointed out that the decision regarding seasonal workers was pending since long and no decision had been made. It was also informed

that the Government controlled organizations were persistent defaulters and no action had been taken against them for recovery of contribution arrears.

10. The Minister desired that the list of Public Sector Defaulters should be drawn up and sent to him for further necessary action. Mr. Nazim F. Haji also suggested that besides establishments, the insured persons should be directly registered and they may pay the contribution either through their employer or directly. Mr. Danish K. Monnoo was of the opinion that this idea should be fully discussed before any decision was taken. The Minister desired that Mr. Nazim F. Haji should submit his proposal in writing for further consideration.

11. At this stage the Minister left as he had to attend another assignment.

12. After the session with Minister, the Board took up regular agenda for deliberations.

Item No. 1) Confirmation of the Minutes of 56th Meeting of the
Board of Trustees held on 21/5/2001.

13. The Board confirmed the minutes of the 56th meeting held on 21/5/2001.

Item No. 2) To Consider Progress on the Decisions taken by
 The Board in its 56th Meeting

14. The President desired that if any member had any clarification regarding implementation report submitted by the Institution he should give his comments in writing within seven days to the Board Secretariat. If no clarification / objection was received the report of the Institution should be treated as confirmed.

Item No.3) To Consider Performance of the Institution

15. As the detailed presentation regarding performance of the Institution was already given to the Minister therefore, the Board decided not to consider this item.

Item No. 4) Incentive for Good Work for EOBI Employees

16. The President desired that since re-structuring committee had been formed under the convenorship of Mr. Nooruddin F. Daud therefore the suggestion of Mr. Nooruddin F. Daud should be fully taken care of by the said committee.

Item No. 5) Proposal of Allocation of BOT Target for 2001-2002

17. After due deliberation the Board approved enhancement in yearly target of contribution collection for the year 2001-2002 from Rs. 1660 million to Rs. 1738 million as suggested by the Institution. However, it was

decided that besides collection of contribution the Institution should give target with respect to increase in number of registered employees. Mr. Zaheer Ahmed Taj, was of the opinion that the target should be linked with per capita income of the insured person. The target regarding new insured persons should be distinguished with regard to insured person registered from the new establishments and those who had joined already registered establishments. The Board approved the suggestion for implementation.

Item No. 6) De-registration of Closed Units duly Recommended
by the Zonal De-registration Committees constituted by
the Board

18. The Board approved de-registration of 149 closed units as recommended by Zonal De-registration Committees.

Item No. 7) Reviewing Extension of Retirement Benefits to
17 Daily Wagers By the Board in 50th Meeting

19. After thorough deliberations on the working paper the Board reviewed its earlier decision dated 2/10/99 taken in its 50th meeting regarding payment of retirement benefits to the temporary employees and decided that the daily wage workers should not be entitled for pension or other retirement benefits

Item No.8) Additional Budget For the Year 2001-2002

20. The Board then took up discussion on the item for additional budget for the financial year 2001-02. After some discussion, the Board approved the additional budget as per details given below:-

	<u>Financial Year 2001-02</u>
I. <u>Revenue Expenditure</u>	
a) <u>Staff Cost:-</u>	
i) Pay & Other Allowances	16.631 millions
ii) Other Benefits	<u>5.979</u> millions
	<u>22.61</u> millions
b) <u>Other Office Expenses</u>	
i) Legal & Professional Charges	2.000 millions
ii) Newspaper Charges	<u>0.585</u> millions
	<u>2.585</u> millions
Total (a) & (b):	25.195 millions
II. <u>Capital Expenditure</u>	
a) Construction of Buildings – Peshawar	31.70 millions

Item No.9) Fixation of Medical Limit In Respect of
Chairman and President BOT

21. The Board deliberated on the working paper regarding medical limit in respect of Chairman EOBI & President BOT. The Board appreciated the initiative of Chairman EOBI / President BOT regarding imposition of limit

in respect of medical expenses @ 1-1/2 time of salary of BPS-22. This limit is in line with other employees of the EOBI. The proposal was approved.

Any other Item

A) Pay Package for the Officers of the Institution

22. The President invited the convenor, of the committee for revision of pay scales for the officers, to present its report before the house. Mr. Tauqir Ahmad, J.S(LW), the convenor of the Committee constituted by the Board, thanked the members of the committee as well as Abdul Hameed Chaudhry, Secretary to the Committee for their useful inputs for preparing the reports of the Committee.

23. He informed the Board that as a consequence of three settlements with CBA of the Institution from 1994 to date, the pay of staff has overtaken the pay of officers at certain levels. The convenor stated that the Committee while making its recommendations kept in view the following:-

- Need for revision of the pay scales to remove disparity between the pay of officers and staff.
- Government's policy instructions on the subject.

24. Keeping the above parameters in view, the Committee focussed its intention on providing judicious and sustainable pay package to the officers of EOBI without creating a heavy financial burden on the Institution. Many

proposals came under discussion but finally the Committee considered the following two options.

A) The proposal of the officers of EOBI: The EOBI (HRD) proposed that the officers should be given 25% increase on the EOBI's officers pay scales of 1999. This increase will effect their basic pay as well as the allowances including the house rent.

B) Proposal by the Ministry: The pay scales of officers of EOBI may be revised on the same basis as was done by the Government for its officers on 1/12/2002. The percentage increase given to federal government officers on their pay scales of 1994 will be allowed to EOBI officers taking 1994 scales as the basis. The Ministry felt that if the percentage increase allowed by Government was granted to EOBI officers, it would not be necessary to go to the Finance Division. According to the instruction issued by the government, if the pay scales of the Institution / Organization who had opted for government's pay scales were revised on the same basis, it would not be essential to obtain Ministry of Finance's approval for such a revision. Under this option EOBI officers' pay scales of 1994 would be revised by the same percentage basis as had been done by the Federal Government. But it would not be applied to their allowances and allowances will stay where they were at present.

25. The Members of the BOT discussed these option and gave the following views:-

26. Mr. Dost Muhammad was of the opinion that first the right sizing should take place only then the issue of salary package should be discussed. Mr. Danish K. Monnoo pointed out that the main issue on the floor was disparity between the pay of officers and staff therefore, it should not be linked with the right sizing.

27. Syed Arshad Ali wanted to know as to why the department compared its pay package with the salary of NICL & SLIC etc., because officers of those corporations had to go and find the business but in case of EOBI it was the obligation of the employers to pay the contribution.

28. Mr. Nooruddin F. Daud, said that although he agreed with the views of Syed Arshad Ali to the effect that it is the obligation of the employer but the reality was that there was a great resistance from the employer side. They did not register and even where there were 50 persons the employer tried to pay 15-20 persons, it was the Executive Officers of the Institution who had been doing the great job for the Institution to get contribution from those type of employers. He further said that the Institution was an officers based organization and without officers it could not run its show.

29. Mr. Muhammad Zaman was of the opinion that the EOB Fund was for the welfare of the insured persons and the Institution should not spend huge amount from that fund on the salaries and perquisites therefore, the employees of the Institution should be paid in accordance with the national pay scales. Major ® Iqbal Ahmed said that the benefits already given to CBA could not be withdrawn therefore as committee had suggested increase of 25% should be given but the allowances should be de-linked from the

pay. The President informed the Board that if we should think to give national pay scales it would take a long time, the whole system could not be changed at once and it would take sufficient time. We had settlements with CBA and we had also a demand from the officers. Mr. Nooruddin F. Daud also agreed with the proposal of the Committee. Mr. Abdul Aziz Abbasi said that since in EOBI the main work was done by the officers therefore, their pays should be raised. Mr. Tauqir Ahmad further said that since the government had already raised the pay scales in 2001 therefore, there is a justification for revision of pay of the officers of the Institution also.

30. After detailed discussion the Board decided that:-

- i). Pay of the officers should be increased by the same percentage as has been done by the Federal Government, taking the basis of pay scales of 1994.
- ii). The allowances should be capped at the amount what was being paid to them before revision of basic pay.
- iii). In case of any anomaly in individual case it should be dealt with separately.
- iv). In future during settlement with CBA the over all impact of settlement on staff as well as officers should be determined.

B) Appointment of Mst. Kausar Bashir in the Institution
As An Assistant On Regular Basis

31. Before concluding the meeting the Chairman informed the Board that one superintendent of the Institution expired on 17/6/2000 the previous Chairman appointed his widow on daily wages on 10/8/2000. Members of CBA met with him and requested in the light of previous practice of the Institution that the widow should be appointed on regular basis on humanitarian grounds. He referred that in the past widow of one Assistant Director of the Institution was appointed by the Board in similar circumstances. Although he was in a position to appoint the widow as Assistant he thought it proper to put the case to the Board for her appointment. The Board approved the appointment of Mst. Kausar Bhatti as Assistant in the Institution with immediate effect.

32. Before concluding the meeting Mr. Nooruddin F. Daud complained about the non-completion of the work at Peshawar Building and informed the Board that the tenant intended to vacate the said premises. The President invited Mr. N. H. Sabzwari, Assistant Director General (RE&GS) to explain the latest position. Mr. N.H Sabzwari briefed the Board that the tenant M/s. Sarhad University of Science and Information Technology recently informed the Institution that due to after effects of 11th September, 2001 incident followed by Afghan War and due to incomplete work of HVAC they would retain only three floors and vacate the remaining three floors. Later on they would serve the notice to vacate the whole premises. He further informed the Board that the Civil, Electrical, Generator and lift work had already been completed except air-conditioning because the contractor was absconding

since inauguration of the building by the Governor on 1/9/2001. Instead of completing the work he was sending exaggerated claims through his advocate. We had already advised our consultant to finalize the bill of the contractors. The Board after some discussion authorized the Secretary Labour / Chairman EOBI to finalize the case of tenants as well as HVAC Contractor as he deemed fit in the interest of the Institution. It was also decided that a presentation regarding EOBI House (Awami Markaz) should be made to the Board.

33. Mr. Sultan Muhammad pointed out that a post of Assistant was upgraded to that of Senior Assistant at Quetta Office but the employee who was promoted to that post and transferred to Quetta refused the promotion and requested not to be transferred. He suggested that the board should revert that post to that of Assistant and fresh candidate should be recruited so that the work of Quetta Regional Office should not suffer. The Board decided to revert the post of Senior Assistant to that of Assistant and directed that the vacancy should be advertised for recruitment.

Date and Venue of Next Meeting

34. The Board decided to hold its next meeting tentatively in the first week of March, 2002 at Karachi.

35. There being no other item the meeting ended with a vote of thanks to the Chair.