MINUTES OF THE 64TH BOT MEETING HELD
ON 09-05-2003, AT HOTEL AVARI, LAHORE

The 64th Meeting of the Board of Trustees of EOBI was held on 09-05-2003 at 1000 hours at Hotel Avari, Lahore. Following attended the meeting.

1.	Kawaja Ijaz Sarwar, Secretary, Lahour Manpower and Overseas Pakistanis.	President
2.	Mr. Muhammad Shafi Malik, Chairman EOBI.	Member
3.	Mr.Tauqir Ahmad Joint Secretary (LW) MOL, Islamabad.	Member
4.	Mr.Khalid Amin Qureshi Joint Secretary, Ministry of Industries.	Member
5.	Major ® Iqbal Ahmed, Secretary Labour, Punjab.	Member
6.	Mr.Shah Rukh Arbab, Secretary Labour, NWFP.	Member
7.	Mr.Danish K.Monnoo Employers' Rep. Punjab.	Member
8.	Mr.Nazim F. Haji Employers' Rep. Sindh.	Member
9.	Mr.Nooruddin F. Daud Employers' Rep. NWFP.	Member
10.	Ch.Zaheer A. 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. Balochistan.	Member
14.	Mr.Nooruddin Sheikh, FA/DG(F&I), EOBI.	Member

15. Mr.Aijazul Karim Durrani Secretary BOT
Deputy Director (BS), EOBI.

(Mr.Jamal Nasir attended the meeting as he was nominated by Secretary Labour, Balochistan)

2. The meeting commenced with the recitation of holy Quran by Mr. Nooruddin F. Daud. Opening the meeting, the President welcomed all the participants and expressed the hope for useful contribution by them. He then invited Chairman EOBI to take up item-wise agenda of the meeting.

3. Mr. Muhammad Shafi Malik thanking the President said that on 2nd May 2003, he had completed first year of his tenure as Chairman EOBI. Referring to his letter No. EOBI/CS /001/ 2003-1548 dated 30th April 2003 addressed to all his colleagues, he tanked the members of the Board for their un-flinching support since his joining which had enabled the Institution to accomplish the tasks enumerated in the aforesaid letter. The Board appreciated the efforts of Chairman and his team during last one year and expressed the hope that he will continue to work with the same zeal, spirit and sincerity. The item-wise agenda was discussed and decisions made as under :-

Item No. 1.

TO CONSIDER CONFIRMATION OF THE MINUTES OF 63RD MEETING OF THE BOARD.

4. The President inquired whether there was any objection received from any of the members. As no objection was received from any of the members, **the Board confirmed the minutes of 63rd Meeting of the Board accordingly.**

Item No. 2.

TO CONSIDER PROGRESS ON THE DECISIONS TAKEN BY THE BOARD IN ITS 63RD MEETING.

5. Chairman informed the Board that due to late receipt of Minutes of 63rd BOT Meeting i.e. less than a week before the 64th meeting, the compliance report could not be prepared. It shall be submitted in due course of time.

Item No. 3.

TO CONSIDER PERFORMANCE OF THE INSTITUTION AND MINUTES OF 68TH MEETING OF THE INVESTMENT COMMITTEE.

6. The Chairman apprised the Board with the performance of the Institution w.e.f. July 2002 to March 2003 and said that a total of 2100 new establishments had been registered which number was 23.02% higher than 1707 establishments during the same period of 2001-02. The number of new Insured Persons remained 106,629 as compared to 93,180 of first nine months of previous year. The amount of conurbation collected during July 2002 to March 2003 had been 16% higher whereas percentage of overall achievement target assigned by the Board was 97% as compared to 96% of last year. He said that it was pertinent to inform that the target fixed was enhanced by 1% as per directive of the Federal Minister for Labour, Manpower & Overseas Pakistanis during his first visit to EOBI Head Office in November 2002. Chairman further informed that an amount of Rs.1,168,804,062 had been disbursed among the pensioners as against 952,561,578 last year registering an increase of 22.70%.

7. He explained the progress in development of comprehensive automation plan by the Institution. He said that after launching official website (www.eobi.gov.pk) on 14th August 2002, steps had been taken to develop e-mail communication system for quicker communication and flow of data. All offices had been provided with Internet facility. To computerize all activities of EOBI, the award of contract for networking and development of software was at final stage.

8. Analyzing the performance of Investment Wing of the Institution, the Chairman submitted following investment position during first nine months of financial year 2002-03.

Activity.	(Rs.In million) July-02 to March-03	July-01 to March-02	% Change
Investment Income	7043,323	5730.091	+23.02%
Dividend from Income Realized.	91.351	7.786	+1073.27%
Capital Gain Realized:			
On equity	222.612	95.269	+ 133.67%
Total Gain Realized (capital gain + dividend)	717.193	103.055	+ 595.93%

9. The Board appreciated the performance of the Institution in all spheres of the activities.

10. Chairman informed the Board about the latest position of recovery of defrauded amount of Rs.1036 million. He met Mr. Amir Aziz, Director (Financial Crimes), NAB Head Quarters at Islamabad and discussed with him the chances of recoveries of the amount from the accused persons. Mr. Amir Aziz told him that they had certain proposals under consideration. Besides cash recovery, surrender of properties and take over of Universal Leasing Company was being considered. The members of the Board unanimously expressed the opinion that prompt recovery of the amount through plea bargain was in the interest of the Institution hence the Institution should support efforts of NAB in this direction.

Item No.4

Consideration/Approval of Audited Accounts for the year 2001-2002 & Appointment of Auditors for the Financial Year 2002-03.

11. Chairman informed that the Board in its 63rd Meeting had constituted a committee comprising of three members to study in depth the Audited Accounts of EOBI for the financial year 2001-02 and submit its report to the Board. The Committee submitted the report recommending the following:-

"FIBs Repo Deal":

DG(F&I) briefed the members that FIBs having face value of Rs.1.036 billion under Repo Deal have not been returned to the Institution. NAB has thoroughly investigated the matter and reference has been filed before the Accountability Court. The

accused persons have surrendered National Savings Certificates, which are in possession of NAB. Further they have also surrendered 300 acres of agricultural land in Gharo and 3 offices in Karachi which are in process of transfer in the name of the Institution. Accordingly, prospect of recovery of the amount seem to be fair, therefore, no provision has been made on the accounts. It was pointed out that the Institution may ask NAB for recovery of principal plus accrued interest. The Committee was informed that the Institution and NAB is already pursuing the case on the same lines.

Recognition of post-retirement medical benefits and compensated absences.

The members were informed that the Federal Government provides post retirement medical benefits and sufficient amount is provided in the annual budget. The Institution is also providing post retirement medical benefits to its employees as such actuarial valuation may be carried out. The provision of the actuarial valuation may be provided in the annual accounts for the year ending 30th June 2003. In the same way actuarial valuation for compensated absences may also be carried out and provision may be provided in the accounts for 2002-03.

Specific Approval:

The members of the Committee examined the items mentioned in the auditor's letter at para-4 and recommended for formal approval by the Board.

Audit Committee:

The Committee agreed to the auditor's recommendation for setting up of an audit committee of the Board. The Board may consider composition of the committee and its terms of reference for enhancing the governance, accountability and control.

Contribution Collection:

The Committee was informed that the management has taken the initiative of establishing appropriate data base of employers and insured persons and management reporting system to establish internal control. Moreover the introduction of accrual system for contribution collection, recording and reconciliation at regional offices with proper software is under active consideration. In this way receipt of contribution will properly be watched. Arrears will be verifiable. Defaulters will be identified and notices be issued for recovery.

Investments:

The Committee was informed that investments are physically verified by the external auditors on yearly basis. Moreover, special audit of the investment portfolio for the years 1997-98 to 2000-2001 have also been conducted by the external auditors. Further our internal audit department in coordination with the Investment department also carries out physical verification on periodic basis. The discrepancies pointed out by the auditors on para-10.1 to

para-10-4.4 of the management letter dated 24-03-2003 have been rectified. After rectification, the auditors verified the discrepancies. It was pointed out that investment in DSCs as on 30th June 2002 was Rs.51.08 billion as compared to Rs.27.70 billion thus registering an increase of Rs.23.38 billion. The Committee was informed that on the advice of the auditors, the Institution has adopted International Accounting Standard 39. With this clarification the Committee showed satisfaction over it.

Separate Legal Entity.

The Committee appreciated the recommendation for separate fund for employees' general provident fund and pension fund. The Committee was informed that a working paper on the subject is being placed before the Board in its forthcoming meeting for consideration of establishing Employees GPF and Pension Fund. The Committee showed satisfaction over it".

12. **The Board unanimously approved the Audited Accounts for the year 2001-02 and appointment of M/s Yousaf Adil Salim & Companmy as Statutory Auditos to Audit the Accounts of the Institution for the Fiscal Year 2002-03.**

Item No.5

Creation of Pension Fund U/R 4 OF EOBI (Employees' Pnension & Gratuity) Regulations, 1987 & Revision of EOBI (Employees' Penision & Gratuity) Regulations, 1987.

13. The Chairman informed the Board that as per Regulation 4 of the (Employees' Pension & Gratuity) Regulations, 1987, the Institution has to establish separate Pension & Gratuity Fund for its

employees. So for, the provision for pension is included in the overall funds of the Institution and no separate fund exists. He further explained that it was agreed between management and CBA to establish the Fund and the Board had approved the proposal in its 59th Meeting but it was inadvertently omitted from the minutes. If approved, initially an amount of Rs.79 million approx. shall have to be deposited during next five years and the fund shall be administered as Trust Fund.

14. Ch. Zaheer Ahmed Taj said that management expenses of EOBI were already on higher side. Further so many cadres had been made just to promote a few officers which was also a source of increase in expenses. Mr. Nooruddin Sheikh informed that the range of EOBI Management Expense was around 45 crore Rupees per annum and keeping in view the coverage of EOBI throughout the country, it was not such a huge management expense. However, it will keep on increasing due to phenomenal characteristics of the expenditures. The President supported the view point of Mr. Nooruddin Sheik. Mr. Muhammad Zaman said that there was almost equal number of staff & officers which was not fair. Replying to this, Mr. Nooruddin Sheikh said that it was an ideal manpower deployment that only staff member was placed to assist one officer. Mr. Khalid Amin Qureshi said that it should be appreciated that only 500 officers were managing the entire scheme throughout the country so efficiently. Mr. Danish K. Mannoo said that the salary of staff was on much higher side which is a source of increasing management expense. Mr. Sultan Muhammad was also of the view that expenses could be curtailed by offering golden handshake scheme to the officials of the Institution. The President said **a complete analysis of salaries of staff and officers should be presented in the next Board Meeting.** Chairman said that the salary which is being paid to an employee can not be decreased. Mr. Tauqir Ahmad requested all the members that they should submit their suggestions in this regard through their representative in F&A Committee the meeting of which shall be held in May 2003. The Chairman informed the house that the EOB Scheme was under high pressure and its viability was at stake. According to the latest Actuarial Report, the contribution required to ensure viability of the scheme was @

14.50% instead of present rate of 5%. The employers can not immediately be burdened with such high rate of contribution. However, it can be done gradually on the pattern of indexation. Secondly, we may request the Federal Government to provide us matching grant, which was stopped in 1995. Thirdly, government should assist us in realizing the arrears of public sector organizations and finally scheme should be protected through Government Guarantee. Coming back to the point, Mr. Khalid Amin Qureshi supported the creation of a separate fund of Pension & Gratuity and said that it was a legal requirement, which was to be fulfilled.

15. Being a legal requirement the Board approved the creation of separate Pension & Gratuity Fund for employees of EOBI to be administered as Trust Fund.

16. It was further informed to the Board that pay scales of officers of the Institution were revised w.e.f 1st December 2001 in accordance with the approval of Finance Division (Regulations Wing) O.M. No.F.4(6)R.4/2002 dated 14-10-2002 subject to revision of EOB (Employees" Pension & Gratuity) Regulations 1987 on the same lines as the Federal Government pension scheme had been revised w.e.f. 01-12-2001. Therefore, Regulation-14(d), Regulation-50, Regulation-55(Note-1) and Regulation-55(6) needed to be revised to bring it in line with above referred O.M. **The Board approved the changes proposed in Regulations 14(d), 50, 55(Note-1) and 55(6).**

17. Chairman said that in line with revision of monthly pension of Federal Government, the monthly pension of the retired employees of the Institution also needs to be revised. The total impact of this revision will be Rs.1,78,000 per annum. **The Board approved the revision of monthly pension of retired EOBI employees accordingly and decided that in future the increase in pension to the pensioner shall be allowed on net pension instead of gross pension as in the case of retired Federal Government employees**.

ITEM NO. 6.

ADDITIONAL BUDGET FOR TRAINING:

18. It was informed that Institution had arranged training of three senior officers in 75th Advance Course for Public Sector Management at NIPA Karachi. Similarly, capacity building customized course for officers are to be organized at NIPA. The budget allocated for training for the current financial year i.e. Rs.400,000/= As three officers have already proceeded on NIPA Training, Institution would require another amount of Rs.3,00,000 under this head of such training. The President appreciating the need said that training was utmost necessary for increasing efficiency of the Institution. **The Board approved Rs.300,000/- as additional revenue budget under the head of "Training Expenses" for the financial year 2002-03.**

ITEM NO. 7.

Opening of New Bank Account for Better Return on Parked Money Deposits Including Term Deposit Account with IDBP.

19. The Chairman informed that the Institution had 85 crore rupees lying in HBL's SSD Account. For investment in proper avenues the Management requires guidance from the Board in this regard. The President said that it was a very important issue and needed special attention & contribution from all members. Major ® Iqbal Ahmed said that Institution should explore opportunities for investment as a joint venture with Fauji Foundation or Army Welfare Trust etc. Chairman explained a number of proposals discussed with leading Financial Managers and business houses such as bidding for PSO in collaboration with Fauji Foundation, entering into development of housing colonies in collaboration with NESPAK, developing commercial plazas in Gawadar etc. The President said that investment in Real Estate was another good option but Mr. Khalid Amin Qureshi said that EOBI might face consumer search problems. He further suggested

that the Institution may explore the possibility of investment in Export Processing Zone (EPZ) after consultation with Ministry of Industries. Chairman informed that the Institution had already taken up the matter for issuance of long term bonds of 15-20 years duration with the Governor, State Bank of Pakistan but no reply had so far been received.

20. After detailed discussion on the issue, following decisions were taken.

i. The management of the Institution and the members would submit their proposals regarding new avenues of investment, which should be best strategy.

ii. The Investment Committee will consider making investment of parked/surplus money in accordance with EOBI Investment Rules.

iii. The Institution may open bank account in any bank through competition giving higher yield as per EOB Investment Rules, 1979.

IV. The Institution shall withdraw current investment of Rs.800 million in TDR with Industrial Development Bank first, and then negotiate terms and deposit it in their Business Deposit Account.

Item No. 8

Re-Allocation of Funds for Loan to Officers/Staff Exceeding Ceiling Set by the Board.

21. The house was informed that it was the first time since inception that budgetary allocation for grant of loan to employees was fixed. However, the budget allocated for disbursement of loan

to employees had exhausted in March 2003 and an additional amount of Rs.7 million was required to meet the requirement during current financial year. **The amount being recoverable and needed for a welfare objective, the Board approved the allocation of Rs.7 million for loan to officers/staff during current financial year.**

ITEM NO.9

Request to Relax the Condition of Appointment on Contract Basis in respect of Regular Employees of EOBI & Revised Salary of Contract Employees.

22. The Board was informed that as per decision of the Board all fresh appointments in the Institution were made on contract basis. However, in some cases EOBI employees also are contested for higher posts but if selected they could not leave the job for a contract post. Mr.Khalid Amin Qureshi said that contract appointment can not be converted into regular one. The only choice is that the person so selected may go on leave from his original post and work on contract. The President endorsed his opinion and **decided that the case should be sent to Finance Division (Regulations Wing) for further advice.**

23. The Chairman informed that contract salary of the posts of Assistant Director General & Deputy Director General needed to be approved by the Board which is as under :-

Assistant Director General	**Rs.19,900/-**
Deputy Director General	**Rs.22,000/-**

The Board approved the above salary package.

ITEM NO. 10.

Revision of Qualifications for the Recruitment against Vacancies of Direct Recruitment Quota.

24. Being compatible to the posts, **the Board approved the qualifications proposed for different posts as per Annex-I to Minutes.**

ITEM NO. 11.

Appointment in respect of Children/Widows of Deceased Employees.

25. Chairman informed that 20% quota against posts of grade 1-3 has been specified for appointment of children/widows of deceased employees subject to availability of posts. There are three such cases but vacancies are not available. Mr. Khalid Amin Qureshi said that a higher post can be converted into a lower one but a lower post can normally not be upgraded. **The Board decided that the existing quota may be maintained and appointments may be made according to procedure.**

ITEM NO. 12.

PM's Directive for Recruitment on Sports Basis.

26. Mr. Nooruddin Sheikh read out the directive of the Prime Minister that "the Prime Minister has been pleased to direct that the sportsmen of International/National level may be proved jobs in government departments and large organizations like PIA. WAPDA, Police, Railways & other Federal/Provincial Department/Autonomous Bodies through a proper selection procedure. For this purpose departments/organizations concerned should make necessary provisions in their service rules". The Institution proposed to make necessary provisions in its Service Regulations. **The Board agreed to the proposal however, it was further decided that Institution may write to Prime**

Minister's Secretariat through Ministry of Labour, Manpower & Overseas Pakistan to clarify the criteria for a national & international player?

ITEM NO. 13.

De-Registration of Closed Units & Improvement in Process/Approval of Operational Manual.

27. It was informed that the De-Registration Committee of the Board comprising of Representative of Employers, Representative of Employees and the Zonal Head concerned, had recommended 278 cases for de-registration in Punjab for which approval of the Board was solicited. The Board appreciated the work done by the Committee and **approved de-rgistration of 278 cases as recommended by the Committee.**

28. Taking the issue of approval of Operational Manual Chairman appreciated the efforts and the input of Manual Drafting Committee of EOBI comprising of ADG (F&A), ADG(Audit) & Deputy Director (Law). He specially placed on record this appreciation for Mr. Sher Muhammad (ADG(F&A). He then invited Mr. Ghulam Mustafa Kamboh of M/s. AZM to brief the Board. Mr. Kamboh informed the Board about the utility and special features of the Manual. He told that the system introduced in the Manual were computer compatible and could be helpful in designing different computer software programs/modules. He said the Operational Manual consisted of 22 Chapters in six Volumes. The Board appreciated the efforts of the Consultants, the Chairman and his team for completion of such a remarkable job.

29. Mr. Khalid Amin Qureshi suggested that Mr. Kamboh may prepare a "Search Engine Menu" for use of EOBI Management so that they can search all necessary information within moments. The slogan of "Paperless Office" has now been changed to "Less Paper Office" he added. The President appreciated he suggestion of Mr. Qureshi and **the Board agreed to get prepared "Search Engine Menu" in consultation with M/s. AZM Associates. It was also decided that the Manual may be enforced and updated annuallly to improve the efficiency of the Institution.**

ITEM NO. 14.

To consider the reports of the Committee on the Amendments in EOB ACT, 1976.

30. The report of the Committee constituted under the Convenership of Major ® Iqbal Ahmed, Secretary Labour Department Punjab, was received just one day before the BOT Meeting, hence, it could not be discussed properly. It was, therefore, decided that the Committee might consider all proposals including left over proposals of Mr. Zaheer A. Taj. The Institution may send its comments on the proposals wherever so needed. The report in this regard may be submitted in the next meeting of the Board.

Any Other Item

31. The Chairman with the permission of the President presented following issues for consideration of the Board.

I. Educational Scholarships for Children of Deceased Officers:

32. It was informed that the President of the Board on request of EOBI Officers' Association of Pakistan, had desired that Institution should extend educational scholarship to the children of employees expiring during service. In response to the proposal fixing monthly fee and annual book expenses of students of various levels, the members suggested that the actual educational expenses should be borne by the Institution. Mr. Nazim F. Haji proposed that a "Welfare Fund" be established for the purpose and then reimbursements made on actual basis. The proposal was approved in principle. **However, It was decided that Institution should work out a Scheme covering all aspects and put up the same in next BOT Meeting.**

II Regularization of Two Adhoc Officers:

33. It was brought to the knowledge of the Board that in compliance with Supreme Court's decision contained in Judgement dated 12th December 2001 in Civil Petitions for Leave to Appeal No.822 to 836, the services of fifteen ad-hoc Executive Officers who had earlier been terminated, had been regularized but two officers (One Executive Officer and one Data Entry Officer) could not be regularized due to their not approaching the Supreme Court. In adherence to the principles of equity and being the victim of same circumstances they deserved re-instatement in service. Mr. Khalid Amin Qureshi said that if the circumstances of termination of two officers were exactly the same as those of the fifteen officers approaching the Supreme Court, the benefits of the judgement shall also be extended to the two not going to the Supreme Court. **Being an identical case and also having same circumstances as that of fifteen EOs who have been regularized, the Board approved re-instatement of remaining two oficers as well following Supreme Court's judgement reported as 1996 SCMR 1185 read with judgement in the Civil Petitions for Leave to Appeal No. 822 to 836 titled "Employees' Old-Age Benefits Institution, Karachi vs. Fida Hussain & others."**

III Medical Reimbursement to President of the Board.

34. It was informed that presently the EOBI employees were availing medical reimbursement facility @ 1-1/2 times of maximum of relevant pay scale. The same facility was being availed by the President BOT. In case of employees, the Institution on recommendation of Chief Medical Adviser condones the expenses exceeding medical limit of an employee. It is, therefore, proposed that in the case of President, the Board may allow medical re-imbursement on actual basis. **The Board unanimously approved the reimbursement of medical expenses to the President BOT on actual basis.**

35. At the end of the meeting Mr. Khalid Amin Qureshi proposed to place on record the appreciation for the accomplishments of the Institution under the Chairmanship of Mr. Muhammad Shafi Malik during first year of his tenure. The entire Board endorsed his views and appreciated the efforts of the Chairman to revive the prestige of EOBI. They expressed the hope that he and his team shall continue to make progress with the same zeal & hard work to transform EOBI into a prime National Institution.

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