

**MINUTES OF THE 67TH MEETING OF THE BOARD OF TRUSTEES
HELD ON 17/01/2004 IN THE BOARD OF EOBI HOUSE, HEAD OFFICE
KARACHI**

The 67th meeting of the Board of Trustees was held on 17-1-2004 at 10:30 A.M in the Board Room of EOBI Head Office, Karachi. Followings attended the meeting:-

I)	Khawaja Ejaz Sarwar Secretary, M/O LMOP	President
II)	Mr. Muhammad Shafi Malik Chairman EOBI	Member
III)	Dr. Zakir Hussain Joint Secretary(LW), M/O LMOP	Member
IV)	Major(R) Shahnawaz Badar Secretary, Labour Department Punjab	Member
V)	Mr. Farooq A. Awan, DG(HR&I)	Member
VI)	Mr. Nazim F. Haji Employers' Representative, Sindh	Member
VII)	Sardar Ahmed Jogazai, Employers' representative	Member Baluchistan
VIII)	Nooruddin F. Daud Employers' Representative NWFP	Member
IX)	Mr. Zaheer Ahmed Taj Employees' Representative Punjab	Member
X)	Mr. Muhammad Zaman Employees' Representative	Member
XI)	Mr. Jamal Nasir, Labour Department Baluchistan	Observer
XII)	Fazl-e-Qadir Joint Secretary, Industries Deptt.	Member
XIV)	Mushtaq Ahmed Sommoo	Secretary

2. Raja Muhammad Abbas, Secretary Labour Sindh, Mr. Abdul Aziz Abbasi, Employees' Representative Sindh, Mr. Danish K. Monnoo, Employers' Representative Punjab, Mr. Javed Syed, Joint Secretary Commerce, Mr. Abdul Rauf Malik, Financial Adviser (Labour) and Mr. Shahrukh Arbab, Secretary Labour, NWFP could not attend the meeting. Mr. Jamal Nasir, Dy. Secretary (Labour) attended as observer on behalf of Secretary Labour, Balochistan.

3. The meeting commenced with recitation from Holy Quran by Mr. Nooruddin F. Daud. The President welcomed the participants to the meeting. He regretted that the date and venue had to be changed on account of certain urgent engagements.

Item No.1

Confirmation of Minutes of 66th Meeting of the Board of Trustees held on 25-10-2003

4. The President asked the members if they had any objection on the minutes of last meeting. **There being no objection by any member they unanimously confirmed minutes of the 66th meeting as such minutes were approved / confirmed.**

Item No.2

To Consider Progress on the Decisions Taken by the BOT in its 66th Meeting

5. The Chairman briefly described the compliance of decisions taken in the last meeting. **The Board expressed its satisfaction on compliance of the actions taken.**

Item No.3

To Consider Performance of the Institution and Minutes of 80th Meeting of Investment Committee.

6. The Chairman apprised the Board about performance of the Institution in its operations and investment. He said that the Institution had achieved 110% of the target of collection as compared to 83% in the preceding year. He presented comparative position of operational activities as under:-

Comparative Statement of Activities From July-November 2003.

S.No	Activities	July 2003 November 2003	July 2002 November	%age Increase
-------------	-------------------	------------------------------------	-------------------------------	--------------------------

			2002	
1	Registration of Employers	952	868	10%
2	Registration of Employees	67,069	54,578	23%
3	Collection of Contribution (in million of Rs) July-Dec.03)	1297.283 m	977.781 m	33%
4	Issuance of Pension books & Old-Age Grants	7,896	7,042	12%

7. By the Grace of Almighty Allah on account of booming stock market the Investment Division has shown good progress. The return on equity investment touched 50% resulting in earning of rupees one billion on weighted average investment of Rs. 2 billion. The overall investment income increased by about 35%. The fund increased from Rs. 69.12 billion on 1-7-2003 to Rs. 73.21 billion upto 30-11-2003. He also apprised the Board about Investment in real estate and future plans to make investment in properties sold by Federal and Provincial Privatization Commission/Boards.

8. The Chairman also apprised the members regarding acquisition and transfer of properties in the name of EOBI through NAB. The possession of all properties had been taken over but transfer in cases of three urban properties and 120 acres of agricultural land was still under process. He informed the Board that Real Estate Department is pursuing the matter on day to day basis and reporting progress fortnightly.

9. **The President and the Board appreciated the performance of the Institution and acknowledged that the team under the leadership of the Chairman had shown good performance which was appreciated by the Hon'able Minister for Labour, Manpower & Overseas Pakistan and all stakeholders.**

Item No. 4

Presentation of Report by the Human Resource Development Committee, Constituted in 66th Board Meeting.

10. The President asked the Secretary of HRD Committee to submit recommendations of the Committee as the Convener being out of country on official duty could not attend the meeting. He informed that out of total sixteen items, committee deliberated on nine items in a series of meetings. The most important issues such as bonus, Special Relief Allowance, Anomaly of pay scales / house rent etc., were finalized.

11. The Secretary submitted and explained the recommendations of the committee on following issues:-

11.1) To review the Human Resource Strategy of the Institution for further improvement.

- That the existing transfer policy should strictly be observed and only in case of necessity deviation may be allowed with the permission of Chairman.
- That in case of recruitment, efforts should be strengthened to allow new blood. Qualified and competent persons to change the culture and environment of the Institution. The committee further recommended that qualification in respect of appointment of staff members (Grade 1 to 5) might also be revised as Institution had already revised the requisite qualifications for officers. The minimum qualification for Assistant should be Graduation preferably with computer knowledge.
- That, in case of promotion policy seniority may be considered as eligibility for promotion but preference should be given to qualification and fitness. The recent policy of Federal Government regarding best of the best may be followed to bring a healthy and positive change in the Institution.

11.2) To determine the Manpower Requirement in Various Divisions of Head Office and Zones

- The Committee recommended that efforts should be initiated to develop professional working environment. Skilled qualified and hardworking employees may be encouraged and facilitated to work with further commitment and devotion whereas all such employees who are not working upto the marks should be seriously dealt with as provided under Removal from Service (Special Powers) Ordinance. The Committee further advised that all the Zonal and Departmental Heads may be instructed to report quarterly progress on the basis of job descriptions, workload and performance evaluation reports. A Permanent Committee, consisting of HR & B&C should be constituted to review manpower requirements regularly. The committee, however, suggested that internal committee's report and study conducted by M/s. Sidat Hyder Morshed Associates must be considered before finalizing manpower requirement criteria.

11.3) Screening of the Manpower on the basis of Objective Criteria to Identify the Dead Wood, which can be declared Surplus

- The Committee appreciated the efforts of the Institution to identify the dead wood in the organization. However, it has been recommended that in the best interest of justice, a committee of senior officers should be constituted to review reports submitted by Departments / Zones and thereafter recommend disciplinary action as required and provided under Removal from Service (Special Powers) Ordinance.

11.4) To prepare Recommendations to Rationalize Payment of Overtime / Conveyance to Staff Employees in Grade 1-5 for Working After office Hours.

- A uniform hourly rate may be paid to staff in pay scale 1 to 5 for working beyond office hour who are not getting extra duty allowance with their monthly salaries. A rate of Rs.35/- per hour for employees in pay scale 1 and 2 and Rs. 55 per hour for employees in pay scale 3 to 5 may be allowed. The maximum payment to an employee under this head be restricted to Rs. 1000/- per month.
- Where monthly extra duty allowance is paid, conveyance / meal charges will be admissible at standard rate of Rs. 25/- per hour if and when extra duty beyond 3 hours after office hour is performed for official purpose duly verified by his reporting officer. The maximum payment to an employee under this head may be restricted to Rs. 100/- per day and 1000/- per month.

11.5) To consider Enhancement of Medical Limit for EOBI's Retired Employees

- The Committee recommended that on humanitarian grounds such cases may be considered for condonation / Enhancement of Medical Limit of Retired Employees who are suffering from Chronic Diseases as Institution is already considering in case of serving employees with the approval of the Chairman keeping in view budget position under medical expense.

11.6) Recommendations for Relaxation / Revision for Appointment Conditions of Dy. Director General HR.

- The Committee was of the opinion that post of Dy. Director General is a senior position, therefore, experience is necessary however, in order to select suitable person amongst the available candidates, the condition of 12 years post qualification condition may be relaxed to 10 years experience in the position of Grade-17 or, equivalent. The committee again discussed the matter in 3rd meeting and after considering the HR Study conducted by M/s. Sidat Hyder Study Morshid Associates recommended that head of Human Resource should be a senior officer therefore, the post of DDG(HR) may be converted into the post of DG(HR) with same requisite qualification and experience with the approval of the competent authority

11.7) Formulation of Bonus and Group Incentive Policy Both For Field and Office Employees For Consideration of the BOT.

- The Committee recommended that bonus for the year 2002-03 may be paid on the eve of Eid-ul-Azha to both staff and officers as per previous practice.
- The committee further recommended that before implementing the decision of the Board for the future bonus payment, it would be appropriate to announce a specific policy in advance so that employees may not expect same practice for the next year and they may not get frustrated.
- HR-Committee may prepare comprehensive recommendations for the future policy of bonus as well as Group Incentive for the year 2003-04 on the basis of recent decisions taken by the Board. The recommendation should accordingly address all issues and practical problems.
- That staff members should be brought at par with officers of EOBI because after the promulgation of the IRO-2000, the EOBI stands excluded from the purview of IRO- as such the role of CBA ceased to exist in the

Institution thus, management became the solely responsible to look after the rights and facilities both to the staff and the officers, as employees of the Institution.

11.8) To prepare Recommendations for rationalization Synchronization of Pay Scales / House Rent of Staff for Consideration of the BOT.

- The Committee recommended that the recommendations of the internal committee may again be placed before the Board to allow increments in order to improve their existing pay scales.
- The committee recommended that the Board may w.e.f. 01.07.2003 as also allowed to Federal Government, 15% Special Relief Allowance to the employees of EOBI and Institution will accordingly request Federal Government to approve the same.
- That Government may be requested to review its decision as a few other organizations are still paying 80% House Rent, or instead of 60% it may be fixed at 70%.
- That otherwise, deduction in respect of excess payment made for December 2001 to December 2003 may not be made in order to minimize the practical problems and financial miseries of low paid officers.

11.9) In Respect of Extension of Internship Period

- The committee recommended that the period of Internees already working in the Institution may be extended for one more year with an increase of 20% in their remunerations.

12. The Joint Secretary (LW), Dr. Zakir Hussain pointed out that the report was incomplete in the sense that all terms of reference had yet not been addressed, therefore, it would be advisable that the Committee may finalize its recommendations on all items and prepare a comprehensive report so that the same may be discussed at length in the next Board Meeting.

13. The Chairman EOBI requested the Board that some of the issues of urgent nature require immediate attention in order to diffuse the prevailing frustration amongst the employees.

14. **BONUS ON EID-UL-AZHA:** The Chairman explained the background and informed that in the past three bonuses to staff and two to officers were paid when performance was bare minimum achievement of the target whereas in the current year the Institution exceeded/surpassed the target by high margin of 10%. It collected 20% more than the preceding year. The results achieved in the equity investment yielding profit of 41.71% which was unmatched by past record. The Institution crossed barrier of Rs. 2 billion in contribution collection for the first time of its existence of quarter century. Under Institutional Strategy, transparent systems and procedures had been introduced which increased the workload and reduced chances of corruption. In these circumstances when performance is admittedly at the peak in history of the Institution, sudden reduction in bonus is not justified. The Board may decide stringent criteria for next year and announce that one bonus shall be allowed if collection exceeds 5% and two if it exceeds 10% of the target fixed. **After due deliberations the Board decided to allow three bonuses to staff member and two bonuses to officers of the Institution as per past practice for the year 2002-03 as such the remaining one bonus to each class is to be paid on the eve of Eid-ul-Azha. The BOT further decided that for the next financial year, the HR Committee shall prepare a comprehensive report addressing all issues and practical problems in the light of discussion and in line with the decisions of 66th Board Meeting. A comprehensive and objective criteria shall be developed by linking performance in collection of current contribution with number of salaries/bonuses paid to each employee qualifying the criteria.**

15 Mr. Fazl-e-Qadir, appreciated the report of HRD Committee and shared his experience in the Federal Government in respect of screening of the Dead Wood. He emphasized that the procedure evolved and successfully implemented by Federal Government may be adopted. He recommended that in order to avoid embarrassment in such cases action should be initiated as provided under

Removal from Service (Special Powers) Ordinance 2000. Mr. Fazl-e-Qadir also expressed his concern over the policy of “BEST OF THE BEST” and apprehended that the same can be misused if not properly safeguarded. Therefore, efforts should be made to evolve an objective and impartial criteria for promotions.

16. **Rationalization of the Overtime:** The recommendation of the Committee on rationalization of overtime was discussed in detail. **It was decided to rationalize payment of overtime, conveyance of staff employees, in the light of similar organization in public sector. The rate per hour may be reduced to average pay per hour subject to maximum of 20% of monthly pay where Extra Duty Allowance is not paid. As regards Conveyance/Meal Charges, the proposal of HRD Committee was approved.**

17. The induction of internees and their work was appreciated. After **detailed discussion regarding their future absorption following decisions were taken:-**

- i. **That management may absorb these internees by relaxing the condition of quota and other procedural requirement but the quota requirement may be fulfilled within reasonable period.**
- ii. **In future, induction must be made on the basis of quota so that internees can be absorbed accordingly.**
- iii. **The proposal of 20% increase in remuneration of existing internees was approved w.e.f. 01.01.2004.**
- iv. **The induction of internees equal to the retiring officers on the basis of quota annually and their absorption was approved in principle.**

18. **The Board also approved the recommendation of the Committee to approved payment of Special Relief Allowance @ 15% increase to the employees subject to approval of the Federal Government.**

19. **House Rent Allowance & Anomaly in Pay Scales of Grade-6 Officers:**

After brief discussion on the recommendations of the Committee on anomaly in fixation of salary of grade-6 and house rent, it was noted that Ministry of Finance had not accepted the proposal on the basis of uniform standards adopted by it but some corporations such as Civil Aviation Authority and Pakistan Tourism Development Corporation were still following their own rules, **it was, therefore, decided to make a reference for review on the basis of parallel cases to the Ministry of Finance through Ministry of Labour.**

Item No.5

To consider Draft Amendments Bill (EOB Act, 1976):

20. The Chairman explained the background in respect of pension reforms and allied amendments approved in the 5th Emergent Meeting on the report of the Board's Committee headed by Maj ® Iqbal Ahmed. It was decided that three alternatives given by Actuary in respect of definite progressive pension scheme may be debated / discussed with stakeholders, actuary and legal advisers to evolve consensus. The process was accordingly completed and the proposals discussed and finalized by an in-house Committee on the advice of actuary. The Draft Amendment Bill has been got vetted by the legal adviser. The Ministry's proposals were also considered and incorporated. He explained in detail the proposed amendments, the changes made on the advice of actuary with reference to working paper and the resultant final version forming the basis of Draft Amendment Bill. Brief description of the amendments is as under:-

i) Improvement in Provision of Invalidity Pension

The Board had approved in its 5th Emergent Meeting **the recommendation of the Committee to amend the law requiring Medical Board to declare whether invalidity is permanent or temporary.**

ii) **Concession for Seasonal Workers**

In line with Actuary's advice and Board's recommendation that the condition of **eligibility in case of seasonal worker may be reduced from 15 years to 10 years provided that the worker remained in approved seasonal industries for atleast 7 out of 10 years.**

iii) **Formula Pension for Survivors:**

In line with Board's recommendations it has been proposed to amend **Section 22B(1) and 1(A) to compute pension in accordance with formula given in the schedule with the result that survivor shall receive formula pension instead of Minimum Pension.**

IV. **Death Grant:** It has been proposed to make provisions for death grant to the survivors of the deceased insured person not entitled for survivor pension.

V. **PROTECTION FOR SELF-REGISTRATION:** In line with decision of the 5th Emergent Meeting, it has been **proposed to add section 11A providing protection to the insured person applying for self-registration and provision for appeal U/S 33 of EOB act-1976 against unjustified orders may be made.**

VI. **Rationalization of Limit for Registration of Employees**

It has been proposed to rationalize the qualifying age for pension by abolition of concession of lesser period of seven years for insured persons of the age between 40-45 years and five years in case of age exceeding 45 years.

VII. Universal Self Assessment: On the basis of decision of the 5th Emergent Meeting and discussions held with various stakeholders, it was proposed to introduce Universal Self-Assessment Scheme which shall allow adjustment in number of employees and provide for checking 10% of the cases on the basis of random or parametric selection. It shall modernize the system and lay down sound base for future expansion, introduction of Accrual System of accounting and implementation of comprehensive automation plan.

VIII. Additional Assessment: It was proposed that additional assessment may be allowed in cases where it is proved that the liability had incorrectly been determined due to declaration of lower number of employees and amount of wages or in connivance with the officers of the Institution proved by documentary or cogent evidence.

IX. Amendment in section-35 In order to keep the Regional / Zonal Offices informed, it has been decided that the appellant shall submit copies of the grounds of appeal to the Zonal / Regional Head as well.

X. Adoption of Definite Progressive Scheme On the basis of feedback of public opinion, advice of actuary M/s. Akhtar Hassan & Company and the Government Actuary Mr. Anwar Chaudhry, it has been proposed to adopt the 3rd option of the 5th Actuarial Report for “Definite Progressive Scheme” to restore viability in a period of eight years by gradual increase in employer and employees share of contribution.

XI. On the basis of above proposed amendments the draft ordinance duly vetted by the Actuary and legal adviser placed a Annex-A was perused and discussed by the Board and it was decided that the Draft Amendment Bill,

approved in principle, shall be submitted to the Ministry for further debate through its publication. The Draft Amendment Bill shall be finalized after thorough public debate, vetting by Ministry of Law, Justice & Human Rights before presentation to the Cabinet and Legislature.

XII. Employment Injury: It was pointed out by Mr. Zaheer Ahmed Taj that the employment injury is outside the scope of EOB Act, 1976 and it is also not covered by Social Security in case of mine workers. The observation was supported by the Chairman EOBI and Secretary Labour, Punjab. **It was therefore decided that amendment in Social Security Law of all the provinces may be considered to cover the employment injury in case of mine worker and others specifically excluded from EOB Act-1976.**

21. Mr. Zaheer Ahmed Taj also submitted further proposals. The Board decided that the same may be examined by the Institution and discussed with the learned member. The proposals on which consensus is arrived may be presented to the Board and thereafter sent to Ministry for inclusion in the “Draft Amendment Bill”

22. The Proposal for shifting of EOBI Regional Office from D.G Khan to Muzaffargarh received from the Ministry and advocated by Mr. Zaheer Ahmed Taj was considered. It was noted that there were 507 establishment in D.G Khan Regional Office with 29010 registered employees out of which 43 establishments with 20290 insured persons were in Muzaffargarh Field Office only. It was further noted that 73.95% of the contribution collection in the Region was from Muzaffargarh area. Zonal Office Quetta could not be made operational for administrative reasons. The proposal for shifting of office was found justified and within the competence of the Chairman EOBI however, since posting and transfer

and adjustment of manpower rests with Ministry under letter No HO/B&C/SECTT/2003-2673 dated 04.08.2003 and No. HO/B&C/SECTT/2003/3131 dated 04.09.2003, **it was decided that the Ministry may be requested to allow above shifting alongwith necessary adjustment of officers/staff.**

Restructuring of Offices in Lahore:

23. The proposals for restructuring offices in Lahore was submitted to the Board vide letter No. HO/B&C/SECTT/2003-2673 dated 04.08.2003 No. HO/B&C/SECTT/2003/3131 dated 04.09.2003 alongwith necessary adjustment, the details of proposals are as under:-

- i) To create a new Regional Office by bifurcating Lahore South & North Regions and designated a Central Region.
- ii) Pattoki Regional Office is to be relocated in Mangha and Bhaipheru.
- iii) Field office to be established in Kasur under the jurisdiction of Pattoki Regional Office.

24. **It was decided that the proposal for creation and shifting of officers w.e.f. 1st July 2004 may be submitted to the Ministry again.**

Item No.6

To consider performance and future of Universal Leasing Corporation Ltd (ULCL).

25. The Chairman explained the practical problems arising out of acquisition of new Leasing Company such as re-staffing, deficiency of capital, change of management therefore, all possible options regarding future, such as complete revival to reinvigorate the company, outright sale or merger. The Options were debated in the investment committee. As a result, and it was decided to appoint a consultant to prepare a feasibility report on various options for maximizing gains

from operation, merger or sale of Universal leasing Company. The President BOT enquired about remuneration for the consultant The Director General (HR&I) explained that selection of consultant was made after due process in transparent fashion and success fee of 1.5% was determined after competitive bidding. The operation of leasing business was not the core activity of EOBI and the Institution needed a consultant to decide its future to maximize gain. The Chairman said that the Institution can not sell the company at a value lower than determined in due diligence by the consultant appointed by NAB. Dr. Zakir Hussain, and Mr. Fazl-e-Qadir also supported the idea that under the prevailing circumstances it seems appropriate to have a consultant who may suggest appropriate course to maximize gain. The action of the Institution was endorsed.

Meeting Deficiency of Capital (Reference 14(i):

26. The Chairman explained that under Securities Exchange (SECP) Regulations minimum capital of a leasing company has to be Rs. 200 million. The capital of ULCL is short by Rs. 50 million. Te SECP has twice rejected the request for extension of time to make up the deficiency of capital. Following measures have been taken by the company on the directions of the Board of ULCL and Investment Committee of EOBI to make the deficiency of Capital.

- i. Advertisement for sale of property.
- ii. Recovery of Arrears.
- iii. Writing of new leases

27. The measures taken have not completely met the requirements of the company hence the investment committee of the EOBI and ULCL's Board has recommended that Rs. 50 million sponsors subordinate loan for a period of 3 years with a call option to redeem at any time within 30 days profit payable six monthly at mark-up rate of floor 5% floating base plus 1% spread where base is equal to average secondary market 3-year PIB rate of equivalent period may

be extended. The Company shall be required to invest this money in high dividend yielding blue chip stocks to cover the rate of interest and shall be required to first return the loan to EOBI in case of merger or divestment. **The proposal being safe and secure was accepted by the Board to keep the company in operation to avoid its deterioration before divestment.**

Item No.7

To consider the approval; for utilization of the amount earmarked for IT Solution and to Consider the Feasibility for the formation of the Equipment Purchase Committee.

28. The Chairman EOBI expressed his deep concern over the delay because the IT solution was approved by the Board in 1999 and an amount of Rs. 20.3 million was sanctioned. Giving details of the developments over a period of five years as elaborated in the working paper the Chairman highlighted the procedure adopted for processing of the case by an independent Technical Evaluation Committee (TEC) comprising of the Technical experts of PRAL, PITB, HBL and Akhtar & Hassan Actuary Pvt. Ltd. The members appreciated efforts of the experts and unanimously agreed that it was the need of hour that an Institution like EOBI should have this technology. Dr. Zakir Hussain while appreciating the idea apprehended that IT is a very tricky subject and it requires proper and professional review. Therefore, he proposed that a presentation may be made by the M/s. System (Pvt) Limited selected through competitive bidding, in the Ministry of Labour, Manpower & Overseas Pakistanis, Islamabad where the Ministry shall arrange some experts for evaluation. **The Board therefore, approved the utilization of the amount by award of contract to the lowest bidder subject to a presentation by M/s. System Ltd., on 28th of January, 2004 at Islamabad before formal award of contract. It was also decided that appreciation of the Board may be conveyed to heads of the organizations for**

the honourary work performed by their experts on the Technical Evaluation Committee of EOBI.

Item No.8

To consider investment in Real Estate and Purchase of Land in Islamabad and Nooriabad (Field Office)

29. The proposal for purchase of plot in Mave Area Islamabad, construction of office at Nooriabad, upper storeys on Islamabad and Hyderabad Regional Office were discussed in detail and approved by the Board with the advice to expedite action.

Item No.9

To consider and approve audited annual accounts of the Institution for the Financial Year 2002-03

30. The Chairman EOBI explained the salient features of the audited annual accounts for the year 2002-03 and requested the Board to accord specific approval of the items and transactions specified in para 4 of the Auditors letter No.05-11-1384 dated 31.12.2003. He also proposed that audited accounts must be examined in detail by the Audit Committee reconstituted by Board's Resolution dated 05.01.2004 circulated vide reference No.HO/BS/67-Mtng/004/03 dated 05.01.2004.

31. While going through the audited accounts, it was noted by the members that the management expenses had increased from Rs.509.464 million as per budget 2002-03 to Rs.642.56 million showing an increase of 26.13% over budgeted amount. The Chairman explained that the excess was due to provision of Rs.168.07 million on account of provision for compensated absences and post employment medical care brought in the staffing cost on insistence of auditors. This provision was based on Actuarial Valuation carried out on the

recommendations of the auditors as per requirement of International Financial Reporting Standards under which auditors carried out the statutory audit of the Institution's accounts. Leaving aside the provision, the management expense are Rs.474.49 million as against approved budget of Rs.509.46 million revealing a saving of Rs.34.97 million i.e. 6.86%. The Board also heard DDG(F&A) & auditor's representative on the said provision who maintained that this is the approximate cost of accumulated leave balances.

32. After detailed discussion the Board decided that the Audit Committee may be reconstituted as follows:-

- | | | |
|----|------------------------|------------------|
| 1. | DG(HR&I) | Convener |
| 2. | Secretary Labour Sindh | Member |
| 3. | JS(LW), LMOP | Member. |
| 4. | Employers' Rep. Sindh | Member. |
| 5. | Employees' Rep. Punjab | Member |
| 6. | DG(F&A) | Member |
| 7. | ADG(Audit) | Member/Secretary |
- (Convener & three BOT members to form the quorum).

33. However, the Chairman pointed out that under the guidelines circulated by SECP for good governance, head of Audit Committee should be a non-executive director while DG(HR&I) is an executive member of the Board.

34. The Board also **decided that in view of huge financial cost involved, the earned leave accumulation may be restricted to 180 days from 01.07.2005 onwards. As regards other leaves, if not availed during the calendar year then shall lapse on 31.12.2004 and thereafter every year end. To curtail excessive leaves availing trend, not more than 20% of employees will be allowed leave in any department/region/Zone at a time by rotation. Moreover, while encashing 15 days earned leave during a financial year as per existing arrangements, it would be mandatory to avail at least 15 days**

earned leave with prior intimation & authorization. Appropriate amendment may be made in EOBI(Employees' Service) Regulations, 1980.

35. **The Board further decided that the Audit Committee may examine the audited accounts for 2002-03 and submit its recommendations in the next Board meeting.**

36. As regards write off of loans in respect of deceased employees already approved by the BOT in its 66th meeting, **the Board reaffirmed its powers in the matter and decided that the loans if recovered after death may be refunded to the dependents as per decision of the Board and the cases may be referred through Ministry of Labour, Manpower & Overseas Pakistanis to the Finance Division for its consideration and advice. However, new cases may be put up to BOT after receipt of advice from the Government.**

Item No.10

To review Implementation of Institutional Strategy and Difficulties / bottlenecks in the Processes

37. The progress in implementation of Institutional Strategy was appreciated and departmental functional plans for accrual system of accounting biometric verification authentication of employer data-base, Total Quality Management, "Hot Stove" Rule and automatic card making were approved. The suggestion for establishment of permanent Committee for HRD, the Committee on development of Information Technology and Progressive Pension Scheme were approved in principle. It was however, desired by President of the Board and Dr. Zakir Hussain that a presentation may be given by the Chairman in the Ministry of Labour to discuss implementation of Institutional Strategy and recommend ways and means to improve the environment and team work on 28.01.2004.

Item No.11

To consider Interest free loan facility in lieu of Interest on G.P Fund

38. The Chairman explained the background in the context of Federal and Provincial Government decision to allow open option of Interest Free G.P Fund and Loan facility. He stated that some of the officer could not avail the option due to delay in communication, therefore, they may be allowed further three months time to give their options and avail this facility. **The Board unanimously approved the proposal and allowed extension from the date of intimation of the Board's decision to exercise option for Interest Free G.P Fund and corresponding loan facility subject to foregoing interest on their G.P. Fund Balance as per earlier decision.**

Item No.12

To consider Streamlining the Procedure for Medical Expenses

39. The Board approved the reimbursement of Rs.92,000/- on humanitarian grounds but required that such cases must be examined on merit and submitted before the Board alongwith full justifications. The reimbursement of medical bills/advances against medical expenses exceeding Rs.50,000/- (Rupees fifty thousand only) will be made after Board's approval in future. The bills in process may be cleared following the existing practice.

Item No.13

To consider De-registration of 69 Closed Units / Establishments and Write-off their Arrears.

40. It was explained that de-registration had been approved by the competent Board's Committee after thorough examination of record. It was, therefore, proposed that de-registration of 69 closed units (list placed as annex-B) may be approved. **The Board approved deregistration with the advice that the**

intimation for de-registration shall be communicated to the concerned employers promptly.

Item No.14 (a)
To consider Employment Data Base

41. The Chairman explained the need, importance and background in which employers data-base had been developed on the basis of reports of every Beat Officers, consolidated in Regional & Zonal Offices and finally in Head Office. Although the data-base is being regularly updated by Field Officers yet it is not authentic. In order to authenticate data-base, it was considered necessary that data-base may be got authenticated by a reputed consultant through due process of advertisement and competition. After detailed discussion, the Board approved the proposal for invitation of expressions of interest on the following term of reference for competitive bidding and appointment of consultant to authenticate the database:-

- a) To authenticate adequacy, completeness and correctness in all respects as this data has been developed by the Field officers as a result of information obtained from the record maintained by Labour Department, Chamber of Commerce & Industry, Trade Bodies, Associations etc., and survey conducted on plot to plot basis.
- b) To authenticate the information available on MSPR-01 computer record and its matching and updation through direct or indirect verification and updating the data base of employer by collection of information from all conceivable sources.
- c) To ensure that each employer has been allotted one registration number only and eliminate duplication, if any.
- d) To update all information available on computer data base through primary and secondary sources and identify those sources for cross checking by the Institution.

- e) To include and collect all missing information relating to employers on the computer system through data entry.
- f) To identify exempt employers from the record on the computer system.
- g) To develop standard norms of employment in various industries and authenticate basis for test checks to identify the cases of under-reporting of wages, number of employees and suggest corrective action.
- h) To suggest ways and means for establishing linkages with relevant data bases to ensure automatic verification of data relevant for assessment of EOBI Contribution.

Item No.14 (b)

Re-employment of Mr. Abdul Majeed Memon

42. The re-employment proposal of Mr. Abdul Majeed Memon was presented by the Institution. The Chairman pointed out that the officer rendered dedicated and meritorious service to the Institution. He also referred to the disability of applicant' son and requested that he may be employed on contract for one year. However, some members representing Ministries pointed out that Government had strictly banned re-employment of retired officers hence permission for re-employment can not be granted. The Chairman requested on humanitarian grounds to sympathetically consider the request of Mr. Abdul Majeed Memon for allowing him purchase of official vehicle on book value. This request was also not acceded on the ground that it shall create precedents for future.

Item No.14 (c)

Official Bill for Enacting Legislation concerning Disabled Persons Employment and Rehabilitation Act, 2003.

43. The Board was informed that DG (Special Education) had requested the Ministry that EOBI may take-up the job of ascertaining the number of all disabled persons in the establishments and to collect the amount from those establishments who do not employ the required 2% disable persons in their establishments as

required under Employment and Rehabilitation Ordinance 1981. The Board was apprised about the background of the problem by some members and it was suggested that involvement of EOBI will further create practical difficulties for the Institution. However, some of the members insisted on the ground that the opportunity will open another avenue of income generation. **After detailed discussion on pros & cons it was decided that Chairman EOBI may have a meeting with Secretary, Social Welfare alongwith Joint Secretary (LW) to further explore the merits and demerits of the proposal before final decision.**

Item No.14(d)

Additional Budget for Disbursement of Loans to Employees

44. The Chairman explained that limit on the loan had caused stringencies and resulted in exhaustion of funds. In the preceding year the Board was kind enough to allocate additional amount of Rs.7 million to dispose off the pending loan applications. He further pleaded that loan is secure and return is also reasonable, hence the Board may allow additional budget of Rs.7 million so that pending applications especially 2nd time House Building Loan after expiry of ten years from first loan as per prescribed procedure. may be entertained. The amount may be distributed among officers and staff in equal proportion.

Item No.14(e)

Re-appropriation of Revenue and Capital Budget

45. The members were apprised about present position. Since there was no urgency involved, it was decided that the present policy may be continued for the time being.

Item No.14(f)

Appeal of Raja Faizul Hassan Faiz

43. The Chairman explained that the gist of appeal of Raja Faizul Hassan Faiz, Director (Law)/CLA is that the upgraded post of Secretary BOT is actually the post of Law Department as per decision of 10th Board Meeting. Late Mujtaba Rasool, the then Deputy Director (Law) was made Secretary BOT. The post was elevated to that of Director and then ADG. In 49th BOT meeting, the Board approved upgraded the post of Secretary Board to that of DDG, placed the same in Finance Cadre and upgraded the senior most ADG (Finance) to the post.

44. According to him, the transfer of the post from Law to Finance Cadre was irregular as there was no post of Secretary BOT, hence in fact, it was the post of Director (Law) which was upgraded by the Board remained reserved for officers of the Law Cadre.

45. The ex-DDG(Finance) working as Secretary BOT was involved in repo deal scandal and has been convicted. Raja Faizul Hassan Faiz was posted as Central Labour Adviser in Ministry of Labour, Manpower & Overseas Pakistanis with the approval of the BOT hence the post of Secretary BOT was created by the BOT in its 61st meeting. Mr. Mushtaq Ahmed Sammo was selected by the Recruitment Committee and appointed as Secretary BOT on contract on a newly created post of Secretary BOT.

46. Perusal of the successive Board's decisions reveal that post of Secretary BOT had not been created and the post remained personal to the incumbent upto the 61st Board when a new post of Secretary Board was created.

47. While discussing the issue, Dr. Zakir Hussain enquired about the present status of the case of Mr. Muhammad Salim. Ex-DDG(F&A)/Secretary BOT

explained that Mr. Muhammad Salim had made a representation to the Ministry and had also appealed to the High Court but as yet he had not been able to produce any stay order, therefore, proceedings under Removal From Service (Special Powers) Ordinance 2001 had been initiated by the HR Department in collaboration of Law Department. The Secretary BOT informed the Board that Show Cause had been prepared under Removal from Service (Special Powers) Ordinance 2000 in consultation with legal adviser and vetted by the Law Department. **The Board decided that the proceedings against Mr. Muhammad Salim, ex-DDG may be finalized without further delay and the Accountability Court/NAB order be implemented accordingly** in accordance with law.

48. After due deliberations, **the Board approved that the post of ADG(Law) should remain intact and promotion from amongst the senior most officer of Law Cadres may be referred to DPC concerned.**

Item No.14(g)
Panel of Advocates on Retainership

49. The Chairman explained that the Board had approved the limit of Rs.8000 to 10,000 per month as retainership fee for advocates/consultants in its 66th meeting held on 25.10.2003. The panel of advocates was accordingly prepared on the basis of recommendations of Zonal Heads as per Annexure attached with the working paper. Out of panel, **the Board approved appointment of following advocates/consultants/law firms on retainership basis on remuneration Within range of Rs.8000/- to Rs.10,000/- per month with their consent which shall be obtained before issuance of appointment letters:-**

Karachi:

- I. M/s. Nooruddin Sarki & Company.
- II. M/s. Mehmood Ghani & Company.

Lahore:

- I. M/s. Shehzad Rabbani & Co.

Islamabad:

I. Mr. Saeedullah Butt, Advocate.

The panel may be revised periodically depending on the need of the Institution and performance of advocates/consultants. This information may be passed on to the Ministry of Labour, Manpower & Overseas Pakistan for onward submission to the Law Division, Government of Pakistan for further necessary action.

Item No.14(h)

Appointment of Manager Properties

50. The Board after discussion and approved a temporary post of Property Manager and desired that process of recruitment may be expedited as already approved by the Ministry of Labour, Manpower & Overseas Pakistan vide its letter No.s2(62)2003 dated 07.12.2003.

Item No.14(i)

Sponsor / Subordinate Loan to ULCL

51. The items already stands discussed under Item No.6 in paragraph 26 above.

Item No.14(j)

To consider Revision of Medical Ceiling of Officers for Cost of Medicine and Streamlining.

52. The Proposal for revision of medical limit for officers of EOBI on the basis of new pay scales as per decision of BOT in its 35th meeting held on 08.04.1994w.e.f. 01.07.2003 was considered and approved by the Board. . However, the Board observed that accumulation of unutilized medical limit is not justified. It does not exist in any other organization. **The Board ordered to stop carry forward after 30.06.2005 and the limits not utilized be treated as lapsed.**

53. The meeting ended with a vote of thanks to the Chair.

Ref: HO/BOT-67/2004-
Dated: January 19, 2004.

The Joint Secretary (LW),
Ministry of Labour, Manpower and
Overseas Pakistanis,
Government of Pakistan,
ISLAMABAD.

Subject: **DRAFT MINUTES OF THE 67TH MEETING OF BOT.**

Dear sir,

Kindly refer to the subject noted above and find enclosed herewith Draft Minutes of 67th Meeting of the Board of Trustees held on 17.01.2004 at EOBI Head Office for kind perusal/approval of the Secretary LMOP/President BOT and return to this office.

With kind regards,

Yours faithfully,

(Mushtaq Ahmed Sammo)
Asstt. Director General(HR)/
Secretary BOT

Encl: as above.

