MINUTES OF THE 69TH MEETING OF THE EOBI BOARD OF TRUSTEES HELD ON 30.06.2004 AT EOBI HEAD OFFICE, KARACHI.

The 69th Meeting of the Board of Trustees of EOBI was held on 30.06.2004 at 1130 hours in the boardroom of EOBI Head Office, Karachi. Following attended the meeting:-

1.	**Mr. M. Humayun Farshori** Secretary M/OLMOP.	**President**
2.	**Mr. Muhammad Shafi Malik** Chairman, EOBI.	**Member**
3.	**Mr. Akhtar Jamil Khan** FA/DG (F&I) EOBI.	**Member**
4.	**Mr. Abdul Rauf Malik** Financial Adviser.	**Member**
5.	**Mr. Fazal Qader** Joint Secretary Industries Division	**Member**
6.	**Mr. Shahrukh Arbab** Secretary Labour Department NWFP.	**Member**
7.	**Major® Shahnawaz Badar,** Secretary Labour, Punjab.	**Member**
8.	**Mr. Noor-Ud-Din F. Daud** Employees' Representative NWFP	**Member**
9.	**Mr. Nazim F. Hajji** Employees' Representative, Sindh	**Member**
10.	**Mr. Muhammad Zaman** Employees' Representative	**Member**
11.	**Mr. Abdul Aziz Abbasi** Employees' Representative, Sindh	**Member**
12.	**Ch. Zaheer Ahmed Taj** Employees' Representative, Punjab	**Member**
13.	**Mr. Sultan Muhammad** Employees' Representative,	**Member**
14.	**Mushtaq Ahmed Sammo**	**Secretary BoT**

Mr. Farooq Ahmed Awan, Investment Adviser/DG(Investment) EOBI also attended the meeting. Mr. Ahsan Akhtar Malik, Joint Secretary (LW), Raja Muhammad Abbas, Secretary Labour Sindh, Mr. Danish K.

Monno, Employers' Representative Punjab, Sardar Ali Ahmed Jogezai, Employers' Representative Balochistan, could not attend the meeting due to their official pre-occupation.

2. The meeting commenced with recitation from Holy Quran by Mr. Muhammad Zaman. The President welcomed the participants to the meeting and regretted the delay in holding the meeting caused due to unavoidable circumstances. Subsequently, he took up item-wise agenda to save time:-

Item No.01
TO CONFIRM THE MINUTES OF 68TH MEETINGS OF THE BOARD.

3. The Chairman informed that the President had promptly approved the minutes which enabled the institution to make timely compliance and prepare working paper for next meeting. The President asked the members if they had any objection regarding the minutes of 68th Meeting of the Board. Mr. Abdul Rauf Malik and Mr. Fazl-e-Qadir asked for certain clarifications which were responded by the Chairman to their satisfaction. Mr. Abdul Rauf Malik, also drew the attention of the members towards decision contained in item No.10 (para-39) wherein the last line, it was mentioned that, "**working papers for Ministry's approval may be submitted**". He suggested that the word "Ministry" be substituted with "Competent Authority". **The proposal was concurred by all members for**

amendment in the minutes accordingly. With the above amendment **the Minutes of 68th Meeting of the Board of Trustees were confirmed.**

Item No.02
TO REVIEW PROGRESS ON THE DECISIONS TAKEN BY THE BOARD IN ITS 68TH MEETING:

4. The Chairman briefed the trustees on compliance made by different departments on decisions of the Board made in its 68th Meeting held on 08.05.2004. While responding to President's suggestion for deeper analysis of finding of Actuarial Valuation Report as at 30.06.2002, that depletion of fund had been pushed back to 2024 instead of 2015, the Chairman reported that following factors were identified by the Actuary M/s. Akhtar & Hassan (Pvt) Limited vide their letter dated 13.05.2004.

- The long-term investment income assumption in 1994 was 13%. Bulk of the fund was invested in Defence Saving Certificates which yielded more than 13%. DSCs issued in 1996 offered an annualized compound yield of 18%. The investment income actually earned by the fund during 2001-02 was more than projected. **More recently, the professional handling of the investment portfolio has resulted in higher returns on the assets.**
- In the year 2001-02, due to the implementation of IAS39, the **assets were re-valued resulting in an increase of about Rs.2.6 billion in the Fund balance.**
- **The actual increase in pension was lower than the projected increase with assumption of periodic review in the light of projected inflation.**
- The number of pensioners **claiming pensions was lower than projected.**

- The amount of contribution recovered was considerably higher than projected particularly in recent years. **This was largely due to the measures taken by the management to streamline contribution collection management. The management has succeeded in recovering large amounts of arrears from defaulting establishments, particularly in the public sector.**

5. After discussion on above compliance reports, **the Board unanimously expressed satisfaction on implementation of Board's decisions.**

Item No.3
TO REVIEW PERFORMANCE OF THE INSTITUTION, MINUTES OF 86TH & 87TH MEETINGS OF INVESTMENT COMMITTEE.

6. The Chairman apprised the Board about performance of the Institution in Operations, Investment and other activities of the Institution. Comparative Performance of Operations for the first ten months was presented as under:-

Table I: **Comparative Statement of Registration, Collection of Contribution and disbursement of pension for the Ist Ten months of 2002-03 and 2003-04.**

Registration, Collection and Disbursement Activity	2002-03 (upto April 03)	2003-04 (upto April 04)	Increase/ Decrease %age
Registration of Employers	**2,506**	**2,187**	**-13%**
Registration of employees	**118,433**	**144,324**	**+22%**
Collection of Contribution (in Millions of Rs.)	**1,763.763 M**	**2,142.420 M**	**+21%**
Disposal of Pension/Grant cases	**14,662**	**17,052**	**+16%**
Amount of Pension & Grant disbursed (Rs. in millions)	**1,309.515 M**	**1,432.350 M**	**+9%**

7. It was explained that registration of employers had declined as most of the backlog of registerable cases had been cleaned last year on the basis of information / evidence collected through map survey. The total number of cases registered in the preceding year showed an increase of **34%.** The scheme had acquired maturity hence registration of employers declined as compared to preceding year. The contribution collection, however, increased by **21%** and registration of employees also showed an increase of **22%.** The Institution during ten months collected a sum of Rs.**2,142.42** million as compared to Rs.**1,763.76%** million in the preceding year showing an increase of **21%**. The Institution had achieved **115%** of target as compared to **99.6%** during comparable period of preceding year.

8. Comparative Performance of Investment Division for the first ten months was presented as under:-

Table II: **Comparative Statement of Income for Ten months of 2002-03 and 2003-04.**

Activity	**2002-03** (upto April 2003) (Million Rs.)	**2003-04** (upto April 2004) (Million Rs.)	**Increase/ Decrease %age**
Investment Income	**7874.632**	**9640.285**	**22.42%**
Govt.securities/ CD/COI etc.	**7421.194**	**8521.980**	**14.83%**
Equities	**187.754**	**88.257**	**-52.99%**
ROI on Equities	**265.684**	**1030.048**	**24.17%**
	25.83%	**50.00%**	
Investment Portfolio	**65,085.884**	**78,221.385**	**20.18%**

9. The Chairman explained that investment income in ten months showed an increase of **22.42%**. The equity income increased by **287.70 %.** The return on total investment was **22.42%**. The return on equity investment increased from **25.83 %** to **50.00 %.**

10. The Chairman explained that number of registered employers was 53,039 whereas number of closed units was 15750. In compliance with Board's decision made in 68th meeting the following information had been submitted to Provincial Labour Departments as per details specified below:-

S.No.	**Province**	**Letter No. & Date**	**30 days time expired on**	**No. of Closed Units & IPs reported**	
				Units	**IPs**
01.	**Sindh**	EOBI/HO/B&C/18/6/93/772 Dated 22.05.2004.	**21.6.2004**	**7323**	**222,226**
02.	**Balochistan**	EOBI/HO/B&C/18/6/93/771 Dated 22.05.2004.	**21.6.2004**	**356**	**15,402**
03.	**Punjab**	EOBI/HO/B&C/18/6/93/773 Dated 22.05.2004.	**21.6.2004**	**7229**	**173,782**
04.	**NWFP**	EOBI/HO/B&C/18/6/93/770 Dated 22.05.2004.	**21.6.2004**	**842**	**15,176**
	TOTAL:			**15,750**	**426,586**

11. The stipulated time for verification by the provinces had expired but no response had yet been received from any of them. Major® Shahnawaz Badar and Mr. Shahrukh Arbab acknowledged the receipt of lists and expressed the difficulties involved in verification. Since the verification by provinces was likely to take more time, various

ways and means of liquidating the backlog of closed units and evolution of a system to ensure automatic annual de-registration was considered imperative. Mr. Fazl-e-Qadir reported that the list of closed units of Jhelum District was received by him on 25.06.2004 and he had personally undertaken verification of 18 cases located in Jhelum city. He explained that six units were actually closed whereas in the other six business was being conducted under different names while the remaining six were still operating under the same name. Chairman thanked Mr. Fazl-e-Qadier for his interest and assistance in verification process in such a short time. He explained that automation plan and Accrual System of Accounting were being implemented to modernize the monitoring and accounting system. The new system shall require monthly debiting of accounts of employers with the amount of contribution due under law on the basis of number of registered IPs, hence the monitoring of collection and identification of defaulters and closed units shall become automatic and facilitate annual updating of employers database.

After discussion following decision were taken:-

I. **Mr. Fazl-e-Qadir honourable member BOT shall submit a report based on his findings regarding the cases referred to him for necessary action by the concerned authorities.**

II. **It will be responsibility of Zonal Heads to ensure thorough enquiries about closed units and clear the backlog of eligible de-registration cases on top priority with the assistance of Regional Heads and Field Officers will certify personally the veracity of information on above.**

III. The Zonal Heads shall constitute teams in each Region to clear the backlog of closed units after collection and verification of essential documentary evidence.

IV. The target of Zones, Regions and Field Offices shall be fixed with reference to the registered employers and IPs instead of active employers and IPs. The Zonal Head shall be held responsible for collection of contribution from all registered employers till such time such units are de-registered after due process under prescribed procedure.

V. The defaulting employers under Accrual System of Accounting shall be charged statutory increase @2% p.m. under Section 13 (2) of EOB Act-1976 read with Rule 4 of EOBI (Contribution) Rules, 1976.

VI. In case of continuous default in payment of contribution for three months, the Regional Head shall personally verify the reasons for default, ascertain the nature of default or closure and submit a report to the Zonal Head for his advice and guidance, who shall render necessary guidance according to law.

VII. In case of permanent closure of the unit, proceedings for de-registration shall be immediately instituted and the case submitted to the Zonal Head after due process by the Regional De-Registration Committee.

VIII. In case of default exceeding 5 months, the Zonal Head on receipt of report for de-registration by the Regional De-Registration Committee place the cases before the Zonal De-Registration Committee comprising of members of Board of Trustees for examination and recommendation to the Board for de-registration after satisfying themselves about closure of the units and recovery or recommendation of write off of arrears. The Zonal

De-Registration Committee shall meet, at least once, after every six months to ensure submission of reports with recommendations of de-registration of the closed units liable for de-registration.

Item No.4

TO CONSIDER REPORT OF HRD COMMITTEE FOR APPROVAL OF RECRUITMENT PLAN TO MEET FURTHER REQUIREMENTS OF THE INSTITUTION:

12. The Chairman explained that final authentic version of HRD Committee Report had not yet been received and the Convener could not attend last two consecutive meetings of the Board, hence its consideration had to be postponed. He, therefore, requested the Board to consider the urgent matter of recruitment plan to meet the urgent requirements of manpower of the Institution. Stressing the need for qualified persons for performance of core function of registration, collection, investment and disbursement of benefits, he said that no formal recruitment since 1995 had been made. He said that 32 posts of officers of various levels were vacant, 14 officers had retired during last two years and 26 were going to retire in next two years. The Institution shall experience acute shortage of qualified manpower if timely action was not taken. The introduction of Accrual System, automation & modernization of system & procedures warrant that the personnel performing core functions should be properly qualified, trained and motivated.

13. The Chairman further explained the steps taken in pursuance of Institutional Strategy comprising of improvement in qualification,

recruitment on merit, training at all levels and stressed the necessity for raising the entry level position from Executive Officer to that of Assistant Director for the new entrants possessing the qualification of MBA equipped with computer knowledge and skills to operate modern registration, collection and accounting system. To attract young MBA graduates from reputable institutions, the qualification of LLB shall have to be relaxed.

14. The rights of promotion of the prospective promotees and existing Executive Officers may be protected by provision of option to them for better prospects and promotion opportunities. The qualified employees of the Institution should also be given a chance for **"fast-track**" upward movement through an objective selection process to retain the talented, qualified and motivated officials. **After detailed discussion and on the basis of suggestions by honorable members of BoT the following decisions were taken:-**

I. Recruitment of officers may be made on need basis but not later than three years so that reasonable number of officers are selected, trained and placed in all regions. The induction should be strictly based on merit through objective tests conducted by institutions like IBA in all provincial capitals keeping in view the provincial quota. Final interview may be conducted by the Departmental Selection Committee before submission of recommendations to the competent Authority alongwith result of tests and interviews.

II. To attract young MBAs for the post of Ads, the prescribed additional qualification of LLB shall be relaxed.

III. The officers shall be on probation in Grade-7 for two years. After initial training at IBA for nine months, on-the-job training for three months shall be imparted and Post-Graduate Diploma in Social Insurance by IBA be awarded before posting in respective regions as Assistant Directors. The officers shall execute bond to serve the Institution for a minimum period of four years after completion of training.

IV. The channel of promotion to Grade-6 for Superintendents and Private Secretaries may be kept open. After promotion these officers may be imparted appropriate entry level training in reputable institutions like NIPA/IBA. Their promotion to the next grade may be made on the basis of result of professional departmental examination to be conducted by an independent Institution.

V. The existing Executive Officers may be promoted to Grade-7 after passing a semester course on Financial Accounting/Business Communication and management equivalent to MBA level course from one of the accredited universities. In case they do not pass the course in two years, they may be superseded by qualified juniors.

VI. The existing internees may be inducted in Grade-7 through respective Selection Committee against the existing vacancies for direct recruitment.

VII. The facility for subsidizing course fee for qualification improvement in Management studies/MBA may also be extended to other officers and staff members.

VIII. The existing quota of promotion and direct recruitment in AD's grade may be slashed by 10% each to provide 20% quota for promotion on selection basis.

Item No.5
TO APPROVE PROPOSED BUDGET FOR 2004-05 AND TO APPROVE REVISED BUDGET FOR THE YEAR 2003-04.

15. The Chairman explained that funds of the Institution at the beginning of 2001-02 were Rs.47.9 billion which shall reach to Rs.81.041 billion at the beginning of 2004-05 showing an increase of 17% as compared to the immediately preceding year. The Institution expects receipt of Rs.16.372 billions during the year 2004-05 as compared to Rs.14.063 billion in the year 2003-04 showing an increase of 16.42%. The benefits payments were expected to increase to Rs.1.92 billion in 2004-05 as compared to Rs.1.707 billion in 2003-04 showing an increase of 12.5%. Management expenses were estimated to be Rs.624.022 million in 2004-05 as compared to Rs.581.308 million in 2003-04 showing an increase of 7.35%. The management expenses included provision of Rs.12 million on account of Special Relief Allowance w.e.f. 01.07.2003. Since approval had been received from Finance Division in May 2004 and the disbursement had been made in the year 2003-04, hence the management expenses for 2004-05 shall be Rs.612.022 million constituting 5.28% increase as compared to the preceding year.

16. He further explained that the accounts had been thoroughly reviewed by Audit Committee of the Board, the minutes of which had been duly circulated to all members of the Board alongwith budget documents.

17. Ch. Zaheer A. Taj raised certain issues regarding arrears and determination of target on the basis of number of active employers. A written reply to his observations by the Institution was also circulated to all members. The concern of the honorable Member was appreciated. The Board members were informed that the Institution had already taken steps to introduce the Accrual system w.e.f. July 2004 to ensure full collection and recording of receivables. The exercise for de-registration of closed units had already been taken up at the Board's level. The budget target shall be fixed on the basis of registered employers/IPs. The de-registration process has been streamlined to liquidate backlog of cases as discussed earlier.

18. Mr. Abdul Rauf Malik, the Financial Adviser to Ministry of Labour, Manpower & Overseas Pakistanis pointed out that Rs.12 million should be deducted from the expenses of 624.022 million. It was pointed out that it had already been done on the recommendations of the Audit Committee. Total Management expenses of Rs.612.022 million had therefore been recommended to the Board for approval. The Financial Adviser confirmed that the Audit Committee had examined the accounts thoroughly and recommended approval of budget of receipts (Rs.16.372 billions), benefits payment (Rs.1.921 billion), capital expenditure (Rs.385.415 million) and management expense (Rs.612.022 million) as per **Annex A, B & C.** He further explained that provision for Special Additional Allowance was sanctioned to civil servants w.e.f.

01.07.1999 & applicable to EOBI officials w.e.f. 01.12.2001 considered by the Audit Committee and it recommended that opinion of Regulations Wing of Finance Division may be obtained by sending a summary through the Ministry of Labour, Manpower & Overseas Pakistanis. Regarding accumulation of earned and sick leave, it was recommended that it may be separately examined by the Board. **After the discussion following decisions were taken:-**

I. **The receipts, benefit payments, capital expenditure and management expense as proposed in the budget were approved as per Annex-A, B & C.**
II. **Provision for grant of Special Additional Allowance w.e.f. 01.12.2001 may be maintained in the accounts and reference may be sent to the Regulations Wing of Ministry of Finance through Ministry of Labour, Manpower & Overseas Pakistanis.**

Item No.6
TO APPROVE THE BASIC PRINCIPLES OF BONUS AND REGULATIONS OF THE INSTITUTION.

19. The Chairman explained the nature of bonus paid by the Institution since 1989. He explained that the staff was being paid bonus equal to three gross salaries on the basis of CBA agreements and the officers were being paid performance bonus equal to two gross salaries. The bonus to staff was paid in the month of August and the two bonuses to officers and staff were paid at the eve of Eid-ul-Fitr and Eid-ul-Azha. The HRD Committee's report and the draft

regulations framed in compliance of Ministry of Finance's letter were also discussed.

20. The Chairman referring to the performance of the Institution submitted that both staff and officers of the Institution except for a bunch of free-riders were working hard to transform the Institution into a modern and progressive organization. The performance of the Institution for the last two years is evident from the financial statements and considerable development work calling for extra time was under implementation. He, therefore, strongly recommended that the bonus should be paid according to the existing practice and should not be reduced except for the disqualifications on account of disciplinary cases, working for less than 180 days in a year, not earning good performance reports, falling in 'D'-grade and non-achievement of assigned targets in case of field officers. **After discussion the bonus as per existing practice i.e. three gross salaries to staff and two gross salaries to officers was approved on the basis of performance of the Institution for the year 2003-04 on achievement of targets fixed by the Board subject to the disqualifications on account of disciplinary proceedings, working for less than 180 days in a year, not earning good performance reports, falling in D-grade and non-achievement of assigned targets in case of field officers. The case for approval of bonus shall be submitted to the Ministry of Labour, Manpower & Overseas**

Pakistanis as per past practice and instructions of the Finance Division.

Item NO.7
TO RECONSIDER LEAVE ACCUMULATION RULES IN THE CONTEXT OF LEAVE ENCASHMENT:

21. While referring to para 12 & 13 of the minutes of 68th BoT meeting held on 08.05.2004, the Chairman explained the circumstances under which limit on accumulation of Earned Leave of 180 days was imposed in order to avoid making balance sheet provision of Rs.142.487 million. The limit imposed on all kinds of leave is likely to cause hardship to sick persons exhausting their leave on account of their sickness. He said that after imposition of limit of 180 days, a person can not avail the LPR of 365 days. He stressed that in view of Board's decisions for availing 15 days leave alongwith encashment of 15 days, leave shall accumulate only if encashment is not availed. He, therefore, stressed that sick leave should be excluded from the limit of 180 days. After discussion, **the Board on consideration of report of Audit Committee and the Chairman's recommendation decided that un-availed sick leave may continue to be accumulated to remove hardship to the sick employees.**

Any other items

Any Other Item #1:
TO CONSIDER TRANSPORT POLICY:

22. The Chairman explained the salient features of Transport Policy applicable to DDGs, ADGs and Directors at Head Office and Zonal Heads who may be allowed loan equivalent to the cost of locally assembled cars of 1000cc and 800cc according to the entitlement of the officers. The loan shall be recoverable in 72 installments spread over useful life of 6 years of the vehicle. The employee shall be responsible for maintenance and service charges of vehicle but insurance shall be borne by the Institution. The vehicle shall be registered in the name of the Institution and transferred in the name of employee on adjustment of loan.

23. The cost and benefit analysis prepared by Finance Department of the Institution revealed that the total expenses including depreciation in the case of DDG shall be Rs.15,577/- and net benefit per month would be Rs.4,925/-. Similar savings in the case of ADGs and Directors were also explained. Mr. Farooq A. Awan pointed out that salvage value had not been considered. The President of the Board appreciated the Scheme but required that it may be reviewed and presented in the next BoT Meeting. After discussion **it was decided that it should be thoroughly reviewed in the light of comments of honorable members of Board of Trustees.**

Any other Item#2
WAIVER OF STATUTORY INCREASE FROM PUBLIC SECTOR ESTABLISHMENT:

24. The Chairman explained that some of the public sector companies remained in default for considerable long period. After series of meetings and hectic efforts, recoveries had been affected from the following corporations but the statutory increase still remains outstanding as specified against each:-

1.	Punjab Road Transport Corporation	Rs.	**89.584** million
2.	Pakistan Steel Mills	Rs.	**07.96** million
3.	Karachi Electric Supply Corporation	Rs.	**52.50** million

25. These establishments have approached the Institution for waiver of Statutory Increase but under the law no authority has the power to waive off Statutory Increase. Their cases were also sent to the Actuary and in-house analysis was also conducted. The Actuary's reports in the case of Pakistan Steel Mills and Punjab Road Transport Corporation **revealed that delay in contribution payment had deprived the Institution of significant amounts via investment income**. The purpose of Statutory Increase was largely to compensate the institution for opportunity costs incurred due to non-payment of dues. It was, therefore, advised that the Institution being already under stress **should not forego this compensation for the loss of income as the current contribution rate was not sufficient to meet the future liability of the Institution in the long run**. The in-house analysis conducted in the case of PRTC also revealed the same result.

26. Explaining the legal position, the Chairman referred to the judgment of honorable Karachi High Court in a case reported as 1983-PLC-182 (*SESSI Vs. Amin Fabrics*) had held that "*The Social Security Court has given no reasons for reduction of rate of increase from 50% to 30%. ……..Payment of contribution is a statutory liability which has to be made at the rates prescribed and increase is also be paid on the rates prescribed and from the language used in Section 23 of the 1965 Ordinance and rules 5 and 6 of the Provincial Employees' Social Security (Contribution) Rules, 1966, I am of the view that the Institution can not charge less than what is prescribed provided there is failure on the part of the employer to pay the contribution. The rate of increase, therefore, could not be reduced as has been illegally done by the Social Security Court.* ***It is, therefore, held that the respondent Company is liable to pay the Statutory Increase at the prescribed rate from the date specified earlier***". In another case reported as PLD-1977-SC-197 (*Kohinoor Chemicals Vs. SESSI*) the High Court has held that "***This liability to pay the contribution is not dependent upon the issuance of any notices of demand by the Institution and the employer cannot be permitted to take advantage of his own default;"***.

27. After the discussion **it was decided that the Institution may convey regrets for its inability to waive off the right for the legal and factual reasons discussed above.**

28. In the context of PRTC Ch. Zaheer A. Taj raised the issue that the pensioners are not getting their arrears in time. The officers representing the Institution referred to Section 22(3) of the EOB Act-1976 which reads as under:-

> "…. That no benefit shall be payable retroactively for more than six months preceding the month in which an application for old-age pension is submitted".

The rationale behind the provision was to avoid false claims, reduce discretion in the hands of functionaries and consequent adverse impact on the fund.

29. The Chairman submitted that viability of the EOB Scheme was of prime importance. The Draft Amendment Bill containing essential amendments **regarding restoration of viability, coverage of seasonal workers, rationalization of qualifying age for pension, protection of self-registration to workers and equitable treatment of widows/survivors, was approved by the Board in its meeting held on 08.04.2003.** He elaborated that it had been confirmed by studies of international agencies and reputed actuaries that the EOB Pension Scheme was not in actuarial balance. Further registration of big privatized units, without increasing contribution and withdrawal of concessions like award of pension after five years to persons entering the scheme after 45 years age, shall accelerate the process of depletion of fund. **He urged that Draft Amendment Bill may be finalized on priority to put the EOB Scheme in actuarial balance at the earliest.**

After restoration of viability, the Institution shall undertake regular public education programme and remove such legislative safeguards causing hardship in some cases. After the discussion **it was decided that the Draft Amendment Bill shall be processed quickly and efforts shall be made to get the Bill passed by legislature at the earliest.**

Any Other Item #3:
INVESTMENT ADVISORY SERVICES AGREEMENT WITH KASB SECURITIES (PVT) LTD.

30. The Chairman informed the Board that Advisory Services Agreement with M/s. Khadim Ali Shah Bokhari (KASB) Securities (Pvt) Limited had expired on 21.05.2004. The Investment Committee in its 86th meting held on 19.05.2004 had agreed in principle to renew the contract for further one year subject to approval of the Board. He, therefore, proposed that renewal of agreement for further one year from 22.05.2004 to 21.05.2005 on the same terms & conditions as agreed and enhancement of service fee from 44,000/- to 48,400/- (10% increase) may be approved. Mr. Nazim F. Haji and other members of the Investment Committee appreciated the services of M/s. KASB and stated that they were providing valuable advisory services, analysis of macro economic scenario, daily/weekly market reports, regular presentations on market/interest rate outlook, provide stock selection, regular portfolio review and attend meetings of Investment Committee to respond to their questions and provide guidance on vital investment decisions.

31. After the discussion, **the Board decided to renew agreement for further period of one year from 22.05.2004 to 21.05.2005 with M/s. KASB Securities (Pvt) Limited on the same terms & conditions at enhanced Service Fee to Rs.48,400/- being 10% increase over the preceding year's monthly fee.**

Any Other Item #4:
REGISTRATION OF EMPLOYERS:

32. The Chairman explained that the closed units are a constant problem for EOBI and the Institution is facing a number of audit paras on account of non-recovery from closed units. The major cause of default and abandonment of business was registration of petty units under the pressure of target for registration of employers. The Accrual System of Accounting requires the names and addresses of IPs and a clean database of employers and employees. It has, therefore, been decided that no registration shall be made without concrete evidence. The names and particulars of IPs of the establishments employing 10 or more persons shall be obtained and maintained in the database. After the discussion following decisions were taken:-

I. **Target for registration of employers in quantitative terms shall be fixed on the basis of registerable cases identified from the information collected**

from all possible sources of information, the illustrative list of which is placed as Annex-I.

II. The Provincial Labour Department and Directorate of Mines, shall be requested to provide access to EOBI to its database for automatic receipt of information on registration of new factories alongwith number of employees employed on the basis of Form-A (Rule-3) of Factories' Act-1934.

III. The employees' representative on the BoT through their contacts with labour unions, federations shall provide/verify lists of IPs with their complete particulars to ensure full coverage and registration of workers.

IV. The Monitoring, Evaluation & Training (ME&T) and Monitoring & Inspection (M&I) Teams shall conduct inspection on the basis of information and beat officers failing to register such cases within two years of commencement of operation shall be held liable for disciplinary action for inefficiency or connivance, by the competent authority.

Any Other Item #5:
ADVANCE AGAINST MEDICAL EXPENSES:

33. The Chairman pointed out that the Board of Trustees' decision in 67th Meeting held on 17.01.2004 regarding re-imbursement of medical bills/advances against medical expenses exceeding Rs.50,000/- after approval of the Board had created difficulties in meeting the emergencies like that of Mr. M. Ikram Chaudhry, Zonal Head, Gujranwala. He was admitted in the Punjab Institute of Cardiology, Lahore and hospital was demanding advance for admission and treatment of the officer under emergency conditions. To meet the emergency, driving authority/Board's decision contained

in para 32 of the minutes of 68th meeting (allowing opening separate account for making payment in emergent cases) a sum of Rs.2.5 lac was sent to the Zonal Head for payment to the hospital to save the officer and his family from financial worries at the critical juncture of his life.

34. After the discussion **the Board unanimously agreed that the Institution may be allowed to send advance for medical treatment in emergency on case to case basis. The advance may be paid to outstation Zonal Offices who shall submit the details of expenses to the head office for adjustment on the basis of reliable documentary evidence.**

Any Other Item #6:
INCORPORATION OF CHAIRMAN'S POWERS INTO REGULATIONS:

35. The Chairman explained that the Ministry of Labour, Manpower & Overseas Pakistanis vide letter No.SS.15(3)/75 dated 07.07.1976 delegated powers to the Chairman. The letter also provided that as soon as possible, the powers may be incorporated in the Regulations with the approval of Board of Trustees. The matter was submitted to the Board in its first meeting held on 13.08.1976 and the Board approved the powers. Despite approval by the Board of Trustees, powers of the Chairman were not incorporated in the Regulation. The conversion of powers into Regulations was approved in the 60th

BoT Meeting on 15.08.2002 alongwith two additional powers specified below:-

I. To open or close offices of the Institution, other than the Head Office, from time to time.
II. To award merit certificate and sanction cash award upto Rs.10,000 to the employee of the Institution in recognition of meritorious services rendered by him.

36. The Ministry notified only two additional powers vide SRO No.663(1)/2002. It was, therefore, reminded to include powers specified in Ministry's letter No.SS.15(3)/75 dated 07.07.1976.

37. The Draft Regulation was submitted to the Ministry of Labour, Manpower & Overseas Pakistanis to notify Regulation. In response thereof an amended Draft Regulation was received vide letter No.SS.2 (29)/2001 dated 21.07.2003. The draft was examined in the light of Investment Rules, past experience of the Institution and it was noted that the Ministry's Draft Regulation needed improvement to ensure smooth working of the Institution. The Ministry vide its letter No.SS.2(8)/2004 dated 21.02.2004 also noted that "**there is a little deviation from the original draft approved by the BOT, therefore, matter may be put up in the next meeting of the Board of Trustees. After approval from the BOT, the case will be processed for formal approval**".

38. After the discussion, **<u>it was decided that the issue having far reaching implication may be examined thoroughly in the</u>**

next Board meeting. In the meantime a paper may be sent to the Ministry highlighting the differences between the two versions of Regulation prepared by the Ministry and the institution alongwith remarks and justifications for the changes required.

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

No.EOBI/Mnt.69(CS)/2004-
Dated: July 02, 2004.

The Secretary,
Ministry of Labour, Manpower and
Overseas Pakistanis,
Government of Pakistan,
ISLAMABAD.

Subject: **MINUTES OF 69TH MEETING OF THE BOARD OF TRUSTEES HELD ON 30.06.2004 AT EOBI HEAD OFFICE, KARACHI.**

Dear sir,

Kindly refer to the above noted subject and find enclosed herewith Minutes of the 69th meeting of EOBI Board of Trustees held on 30th June 2004 at EOBI Head Office, Karachi for your kind perusal, approval and return to this office for implementation and circulation amongst the honorable Trustees.

With best regards,

Yours sincerely,

(M. SHAFI MALIK)

Encl: As above.