

**MINUTES OF THE 70TH MEETING OF THE BAORD
OF TRUSTEES HELD ON 16.08.2004 AT HOTEL
AVARI, LAHORE**

The 70th Meeting of the Board of Trustees of Employees' Old-Age Benefits Institution (EOBI) was held at 1000 hours on 16.08.2004 at Hotel Avari, Lahore to consider the agenda placed as **Annex-I**. It was presided over by the President of the Board/honorable Secretary for Labour, Manpower and Overseas Pakistanis Mr. Muhammad Humayoon Farshori. Followings attended the meeting:-

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| I. | Mr. Muhammad Humayoon Farshori
Secretary, M/o Labour, Manpower and Overseas Pakistanis. | President |
| II. | Mr. Muhammad Shafi Malik
Chairman EOBI. | Member |
| III. | Mr. Abdul Rauf Malik
Financial Adviser(Labour) | Member |
| IV. | Mr. Ahsan Akhtar Malik
Joint Secretary (LW) M/o LMOP. | Member |
| V. | Mr. Fazl-e-Qadir
Joint Secretary, M/o Industries. | Member |
| VI. | Mr. Jumman Jamro
Joint Secretary, M/o Commerce | Member |
| VII. | Mr. Nasar Hayat
Secretary Labour Sindh. | Member |
| VIII. | Mr. Shah Rukh Arbab
Secretary Labour, NWFP. | Member |
| IX. | Syed Mehmood Javed
Secretary Labour, Balochistan. | Member |
| X. | Mr. Danish K. Monnoo
Employers' Rep. Punjab. | Member |
| XI. | Mr. Nazim F. Haji
Employers' Rep. Sindh | Member |
| XII. | Ch. Zaheer A. Taj
Employees' Rep. Punjab. | Member |
| XIII. | Mr. Abdul Aziz Abbasi
Employees' Rep. Sindh. | Member |
| XIV. | Mr. Muhammad Zaman
Employees' Rep. NWFP. | Member |

XV. Mr. Sultan Muhammad Employees' Rep. Balochistan	Member
XVI. Mr. Akhtar Jamil Khan, FA/DG(F&A), EOBI.	Member
XVII. Mr. Farooq A. Awan IA/DG(I), EOBI.	Co-opt Member
XVIII. Mr. Mushtaq A. Sammo ADG(BS)/Law.	Secretary BOT

Mr. Nooruddin F. Daud, Employers' Representative NWFP and Sardar Ali Ahmed Jomezai, Employers' Representative Balochistan could not attend due to their pre-occupations. Dr. Manzar Hayat, Secretary Workers' Welfare Board attended as observer on behalf of Secretary Labour, Punjab Major(r) Shahnawaz Badar.

2. The meeting commenced with recitation from Holy Quran by Mr. Nazim F. Haji. The Chairman EOBI welcomed the participants and briefly explained the implementation of Institutional Strategy highlighting the launching of Accrual System from July 2004. He said that significant portion of reforms proposed in the Institutional Strategy had been implemented. However, human resource development needed special consideration in view of present shortage of manpower and Institution's plan for modernization of collection, accounting, record keeping and disbursement procedures by adoption of modern techniques and information technology. On the one hand there was shortage of manpower, on the other difficulties in retention of qualified professionals were being experienced. The mismatch of job description and job specification had been cured by revision of qualifications but actual implementation of the decisions was posing problem. The entire structure of organization, therefore, needed critical review to ensure smooth transformation as envisaged in Institutional Strategy.

3. Although a number of studies had been conducted yet no concrete recommendations or practical solutions for determination of optimum manpower, efficient formation of cadres and career development were available. Keeping in view the imminent needs/requirements of various professional groups, working papers have been placed on the items specified below:

<u>S.No.</u>	<u>Item No.</u>	<u>Title/Subject</u>
(I)	06 (Regular)	Upgradation of Executive Officers after completion of 15 years service in EOBI.
(II)	III (Any Other)	Recruitment of 45 probationary officers and Retention of Internees.
(III)	IV.	Creation of Investment Cadre and upgradation of certain posts.
(IV)	V	Creation of vacancies of Law Officers (Deputy Directors)
(V)	VI	Constitution of Standing HRD Committee
(VI)	VII	Shortage of Manpower.

4. He, therefore, requested the honorable members to consider the issues of requirement of manpower and retention of professionals in the Institution to keep the momentum of modernization and process of ongoing reforms in EOBI. He then requested the honorable President BOT to take the agenda item by item.

Item No.1

TO CONFIRM THE MINUTES OF 69TH MEETING OF THE BAORD:

5. The President of the Board invited the members to indicate any modification in the minutes of 69th Board Meeting. The Chairman submitted that there were two typographical mistakes and one omission which had already been taken cognizance of. The title of two “Employers’ Representatives” namely Mr. Nazim F. Haji and Mr. Nooruddin F. Daud had wrongly been typed as “Employees’ Representative” and the name of Mr. Jumman Jamro, Joint Secretary, Ministry of Commerce, had inadvertently been omitted. The mistakes had been rectified and intimation of the action to this effect had been communicated to the members concerned. He referred to letter No.Dy.2373-FA(Labour)/2004 dated 27.07.2004 by Mr. Abdul Rauf Malik, already circulated to the members and submitted that in para-18 (line-7) the words “the Financial Adviser” needed to be replaced by the words “Convener of Audit Committee”.

6. On explanation that the case for Special Additional Allowance had already been referred to the Ministry of Finance through Ministry of Labour, Manpower and

Overseas Pakistanis, the modification proposed by Mr. Abdul Rauf Malik was not pressed.

7. The amendment proposed in para-20 by Mr. Abdul Rauf Malik regarding omission of word “gross” used as affix to salary was discussed in the context of existing practice of the Institution. The Chairman explained that it was decided in the 69th Board Meeting that **Bonus should be paid in accordance with existing practice.** The practice of payment of bonus on the basis of gross salaries was persistent since inception and it was approved by successive Boards year after year. He referred to annex attached with Item No.7 (Working Paper) to explain that the criteria for bonus had been so strict that out of 243 Field Officers only 149 could qualify leaving 94 officers ineligible for the bonus. He emphasized that gross salary was being paid as bonus when the performance of the Institution was not as good as in the recent years, therefore any reduction in performance incentive shall adversely affect the morale of the officers and staff. The argument was supported by Ch. Zaheer Taj, Mr. Ahsan Akhtar Malik and others by giving examples of other organizations and emphasizing the principle that benefit once given can not be withdrawn. It was agreed by majority of the members that decision of the Board had rightly been recorded.

8. Mr. Abdul Rauf Malik said that it was his duty as FA to express his view/opinion as the existing practice of the Institution even if persistent, was not in line with the general practice. **It was, therefore, decided that his remarks/opinion be recorded in the minutes.**

9. **The minutes were unanimously approved subject to above modifications.**

Item No.2

TO REVIEW PROGRESS ON THE DECISIONS TAKEN BY THE BOARD IN ITS 69TH MEETING:

10. The Chairman explained that the decisions of the 69th BOT Meeting had been implemented. The targets of the Zones had been fixed on the basis of registered Insured Persons (IPs). The Accrual Accounting System had been introduced and accounts of employers were being debited on the basis of number of IPs multiplied by the rate of contribution. The Zonal Heads had been given the task of De-Registration of closed units upto 30.09.2004 after which the target shall not be revised. The registration of the illegally registered units shall be cancelled with consequential effect. **The President remarked that the responsibility for identification of closed units and their de-registration could not be shifted to any other agency. The references made to provincial Labour Departments and reports received from them shall be treated as sample surveys.**

Item No.3

TO CONSIDER PERFORMANCE OF THE INSTITUTION, MINUTES OF 88TH MEETING OF THE INVESTMENT COMMITTEE:

11. The Chairman explained that the target for collection was fixed at Rs.2.57 billion being 21% higher than the last year's target. The Institution made 14% higher collection than last year and achieved 104% of the revised target for the year 2003-2004. The comparative position of performance of Operations and Investment Departments is given below:-

Table-I **Comparative Statement of Registration, Collection of Contribution and Disbursement of Pension for the Year 2002-03 and 2003-04.**

Registration, Collection and Disbursement Activity	Year 2002-03	Year 2003-04	Increase/ Decrease %age
Registration of Employers	3386	2935	- 13%
Registration of employees	165,279	188,098	+ 14%
Collection of Contribution (Rs. in millions)	2,341.610	2,677.806	+ 14%
Disposal of Pension/Grant cases	18,131	20,759	+ 14%
Amount of Pension & Grant disbursed (Rs. in millions)	1,591.653	1,743.616	+ 09%

Table-II: **Comparative Statement of Investment, for the Year 2002-03 and 2003-04.**

Activity	Year 2002-03	Year 2003-04	Increase/ Decrease %age
Investment Income			
Govt. Securities/ COD/COI etc.	9970.243	11,022.569	10.55%
Equities	364.241	1,055.912	189.89%
Total Income	10,334.484	12,078.481	
ROI on Equities.	41.71%	44.43%	2.72%
Investment Portfolio	67,865.896 m	80,842.065 m	19.12%

12. It was explained that the size of investment portfolio of EOBI had increased from Rs.68.83 billion to Rs.81.33 billion showing an increase of 18.16%. Referring to diversification of the portfolio he stated that size of equity increased from Rs.02.05% billion to Rs.04.07%. The total investment income increased from Rs.10,334.484 million in the last year to Rs.12078.481 million in the current year.

13. It was explained that the Institution had participated in the open auction held by Capital Development Authority (CDA), Islamabad from 26-28 July 2004 for plots. The Institution was declared successful bidder for following six plots despite stiff resistance:

<u>S.No.</u>	<u>Plot No. & Address</u>	<u>Highest Bid</u>
I.	41, Sector I-8 (Measuring 1244.44)	60,500 per sq.yd.
II.	42, Sector I-8 (Measuring 1244.44)	72,600 per sq.yd.
III.	38, Sector I-8 (Measuring 1244.44)	81,600 per sq.yd.
IV.	39, Sector I-8 (Measuring 1244.44)	100,100 per sq.yd.
V.	17, Sector I-8 (Measuring 1111.11)	136,000 per sq.yd.
VI.	18, Sector I-8 (Measuring 1066.66)	130,000 per sq.yd.

14. The Chairman also explained the position of divestment of Universal Leasing Corporation Limited (ULCL) and updated the Board by explaining that Expression of Interest (EoI) had been published in the newspapers. Several parties had shown their interest. The process is likely to be finalized in the next couple of months. However,

on the directions of Securities & Exchange Commission of Pakistan to appoint a full time Chief Executive Officer (CEO), Mr. Farooq Ahmad was being appointed as full time CEO to meet the statutory/regulatory requirements.

15. Referring to competence of Boards' decision on item No. the Chairman explained that all cases of employees had been processed on the criteria approved by the Board and separate lists of eligible and ineligible officers/staff placed as Annex: II & III to Any Other Item No.8 shall be submitted to Ministry of Finance through Ministry of Labour for approval of Bonus as per last practice and customs.

16. **After detailed discussion, performance of EOBI both in operations and investment especially in real estate was found highly satisfactory. In pursuance of it's earlier decision in 69th meeting, Board approved Bonus of employees as per past practice and as per details in Annex: III. It was further decided that a Special Meeting of the Board shall be convened to discuss the issue of incorporation of "Investment & Finance Company" in which experts shall also be invited.**

Item No.04

TO CONSIDER REPORT OF HRD COMMITTEE FOR APPROVAL:

17. The Chairman explained that the original TOR of HRD Committee contained 16 items out of which decisions on the following items had already been taken in 67th and 69th Meeting whereas rest of the items (**Annex-II**) will be included in the fresh TOR of the standing HRD Committee proposed in the Working Paper at Item No.5 of Any Other Items of Agenda.:-

- Item No.4: Formulation of Bonus & Group Incentive Policy both for field and Head Office Employees.
- Item No.5: Recommendations for rationalization/synchronization of pay scales, house rent of staff;
- Item NO.6: Recommendations to rationalize payment of overtime/conveyance to staff employees in grade-1-5 for working after office hours;
- Item No.7: Enhancement of Medical Limit for EOBI's retired employees.

- Item No.9: Recommendations for compensatory allowance and special pay to contract employees working in Northern Areas;
- Item No.14: Extension of Internship Period.

18. The issue of Human Resource Development Programme mentioned in para-2 above was thoroughly debated. Chairman reiterated that the Institution was suffering from acute shortage of qualified manpower at the core operational level. He explained that system of registration, assessment, collection and accounting was being modernized by the introduction of self-assessment, self-registration, the introduction of Accrual System, IT Solution and Net Working. The operation of new system shall require suitably qualified officers to act as catalyst of change in each Region. After brief discussion, **The Board approved recruitment of 45 probationary officers under Probationary Officers Scheme through competitive examination conducted by IBA. The recruitment will be spread over three years i.e. 15 officers per year.**

Recruitment of Data Entry Supervisors:

19. The Chairman explained that the Board in its 60th Meeting had approved upgradation of all posts of Data Entry Officer (DEO) to Data Entry Supervisor (DES) as the data entry job was entrusted to the Executive Officers (EOs). It was planned that the vacant posts of Data Entry Supervisors (DES) shall be filled up by promotion of qualified Data Entry Officers (DEO) and recruitment under rules for the posts falling vacant.

20. The automation of processes and record building warrants that data entry work in Regions should be supervised by qualified Data Entry Supervisors. The adoption of IT Solution & Networking shall further increase this requirement. As per EDP report five posts of Data Entry Officers (DEOs) are lying vacant at following stations:

I.	Regional Office Sukkar	One
II.	Regional Office Pattoki	One
III.	Regional Office, Jhang	One
IV.	Regional Office Faisalabad (S)	One
V.	Regional Office, Hub	One

21. **After discussion the Board unanimously approved the recruitment / promotion of qualified Data Entry Supervisors in pursuance of its earlier decision in accordance with Rules.**

Item No.5

TO CONSIDER TRANSPORT POLICY OF EOBI:

22. The Transport Policy was discussed. **After brief deliberation, it was unanimously decided not to approve the same.**

Item No.06.

TO APPROVE THE UP-GRADATION OF EXECUTIVE OFFICERS WHO HAVE COMPLETED 15 YEARS OF SERVICE IN EOBI:

23. The Chairman explained that the first batch of Executive Officers comprising of 27 officers was upgraded as Assistant Directors on 01.07.1999 with the approval of the Board in its 48th Meeting held on 15.12.1998 and thereafter the upgradation had been a regular practice and policy. The latest batch was upgraded with prior approval of the Board accorded in its 63rd meeting held on 30.06.2002. **The pros & cons of upgradation were discussed and it was decided that the Institution should propose to revise the structure of the organization in accordance with latest needs and to ensure reasonable promotion prospects for deserving officers.**

24. The HRD Standing Committee comprising of the following, was constituted to complete the remaining tasks as per revised TOR specified in Para-25 below:

I.	Mr. Akhtar Jamil Khan, FA/DG(F&A)	Convener
II.	Mr. Abdul Rauf Malik, FA Labour	Member
III.	Mr. Farooq A. Awan, DG(I)/IA	Member
IV.	Mr. Nazim F. Haji, Member BoT	Member
V.	Secretary, Labour Department Sindh (Mr. Nasar Hayat)	Member
VI.	Mr. Abdul Aziz Abbasi, Member BoT	Member
VII.	ADG(HR), EOBI (Mr. Parvez Ahmed)	Secretary
VIII.	A consultant of repute to be co-opted as member as & when required. <i>(The quorum shall be four members of which one shall be non-official).</i>	

25. The Term of Reference of the Committee shall be as under:-

- To consider the remaining items of TOR of the HRD Committee specified in Annex: II and submit recommendations.
- To propose revised organizational structure keeping in view the Institutional Strategy, ongoing reforms and future plans.
- Review of specialized cadres and career planning.
- Review of Upgradation practice and promotion policy.
- Fast track promotion avenue for qualified personnel by earmarking 20% Selection Quota for various positions.
- Review of the hierarchy and existing layers.
- Determination of manpower needs in new system and new structure of the organization.

26. Consultative Process:

President of the Board enquired about the consultative process. The Chairman explained the Participative Management System adopted by the Institution including the “Employee hour” to listen grievances of employees and their proposals for improvement of the system.

Item No.7

TO CONSIDER THE DELEGATION OF POWERS TO CHAIRMAN EOBI:

27. The Chairman explained the comparative position of different drafts and the justification for the improvements proposed. It was explained that Investment Committee was a committee constituted by the Board. Its decisions were considered

as decisions of the Board. It gives the general guidelines of investment policy and specific decisions on specific investments. Keeping in view above facts **the draft proposed by the Institution was approved subject to deletion of words “may be considered reasonable” appearing before the words “in the light of guidelines given by the Investment Committee” in Regulation 3(2)(ii), 3(2)(iii), 3(2)(iv) & 3(2)(XIII).**

Item No.8

DEREGISTRATION OF CLOSED UNITS DULY RECOMMENDED BY THE REGIONAL DEREGISTRATION COMMITTEES AND TO CONSIDER WRITE OFF THE ARREARS OF CONTRIBUTION:

28. The cases of 108 closed units of Sialkot, Kotri and Sahiwal Regions were considered in the light of minutes of the meeting of Regional Deregistration Committee and discussed thoroughly. It was noted that the minutes of Kotri Region were not signed by the Employers’ Representative Mian. Tariq Rafi. The same were not dated and each case had not been discussed separately. **It was, therefore, decided to send the proposal back to Zonal Head for submission of detailed minutes in each case duly signed by the members of the De-Registration Committee of the Board on the recommendations of the Regional Deregistration Committee with the specific report on writing off the arrears in accordance with prescribed procedure and recommendations of Zonal Head. The reports should specify the liability of pension to the Insured Persons of closed units, if any.**

29. **The Deregistration of 50 cases of Sialkot and 54 cases of Sahiwal Region were approved subject to the following observations:-**

A detailed report be submitted to BOT covering following points.

- I. Details of proposed de-registered units duly recommended by Regional de-registration committee and approved by committee of the Board.
- II. The eligible pensioners with their claims.
- III. The liability to pay pension, if any.
- IV. The Compliance shall be reported by the Zones concerned in the next Board Meeting.

ANY OTHER ITEMS:

Item No.I.

TO APPROVE CO-OPTION OF MR. ANWAR CHAUDHRY, SENIOR ACTUARY OF MINISTRY FINANCE UNDER SECTION 8(C) OF EOB ACT-1976.

30. The proposal for **co-option of Mr. M. Anwar Chaudhry, Senior Actuary, Ministry of Finance was unanimously approved under Section 8(C) of EOB Act, 1976 to attend meeting of the Board as and when required by it.**

Item No.II

GRANT OF SPECIAL AD-HOC RELIEF @ 15% OF BASIC PAY:

31. The Chairman explained that the honorable Finance Minister while responding to a question in the National Assembly confirmed that Adhoc Relief shall be admissible to the employees of autonomous bodies after approval of their Board of Directors, hence the Board may accord approval. Mr. Abdul Rauf Malik pointed out that Ministry's clarification had yet not been received, hence it may be postponed as in the case of Workers' Welfare Fund. **After discussion it was decided that the proposal may be re-submitted after receipt of clarification from Ministry of Finance.**

Item No.III.

INDUCTION OF INTERNEES IN PLACE THOSE APPROVED FOR ABSORPTION:

32. The Chairman explained that nineteen (19) internees were inducted in the year 2003-04 out of which sixteen (16) internees joined the Institution and five (5) of them had left the job for better prospects despite the fact that their pay was twice enhanced i.e. 20% and 10% respectively. He stated that at present there was acute shortage of manpower in the Institution, as 56 vacancies were lying vacant. As decided in the 69th Board Meeting, eleven internees had to be absorbed. To meet the pressing need of officers, it was proposed that after absorption of eleven (11) internees, replacement of nineteen (19) internees may be allowed. **The Board after**

discussion allowed recruitment of 19 interneers to replenish the vacancies occurring due to absorption of existing interneers.

33. There being no other item the meeting ended with a vote of thanks to the chair.

Remaining Items of Original TOR of HRD Committee alongwith Recommendations:

(I) Item No.1 of the TOR of previous HRD Committee:

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

Recommendation:

1. That the existing transfer policy/procedure of the Institution should strictly be observed and only in case of necessity deviation may be allowed with the permission of Chairman.
2. 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 1-5) might also be revised as Institution had already revised for officers. The minimum qualification for Assistant should be B.A. with Computer knowledge.

(II) Item No.2 of the TOR of previous HRD Committee:

To Determine the Manpower Requirement in various Divisions/Departments of Head Office and Zones:

Recommendation:

“That efforts should be initiated to develop professional working environment. Skilled qualified and hardworking employees should be encouraged and facilitated to work with further commitment and devotion where as all such employees who are not working upto the mark should be seriously dealt with as provided under Removal from Service (Special Powers) Ordinance 2000. The committee further advised that all Zonal and Departmental Heads may be instructed to report quarterly progress on the basis of job description, workload and performance evaluation report. A permanent committee, consisting of HR and B&C Departments should be constituted to review manpower requirements regularly.

(III) Item No.3 of the TOR of previous HRD Committee:

Screening of the Manpowr on the Basis of objective criteria to identify the “Dead Wood” which can be declared surplus.

Recommendation:

The Committee appreciated the efforts of the Institution to identify the dead wood in the organization. It was recommended that in the best interest of justice, a committee of senior officers should be constituted to review reports submitted by different Departments/Zones and thereafter the committee recommends disciplinary action, if found necessary under Removal from Service (Special Powers) Ordinance 2000.

(IV) Item NO.8 of the TOR of previous HRD Committee:

Recommendations for relaxation/revision in appointment conditions of Deputy Director General (HR):

Recommendation:

The Committee was of the opinion that post of Deputy Director General is a senior position, therefore, experience is necessary, however in order to select suitable person amongst the available candidates, twelve year post qualification experience condition may be relaxed to only 12 years of experience with no condition of post qualification means twelve years with required qualification/experience.

(V) Item No.10 of the TOR of previous HRD Committee:

To Consider and make recommendations for merger of cadres in EOBI:

Recommendation:

The HRD Committee after due deliberations agreed with the view of the DGs Committee and recommended that the system of separate seniority in different cadres should continue and separate seniority lists be notified after due procedure. The prescribed qualification for promotion should be mandatory for those joining the Institution on or after first January 2003.

(VI) Item No.11 of the TOR of previous HRD Committee:

To consider creation of separate investment cadre:

Recommendation:

The Committee recommended to defer the item till finalization of incorporation of Investment Finance Company.

(VII) Item No.12 of the TOR of previous HRD Committee:

To consider upgradation of posts of Programmes (AD to DD):

Recommendation:

The Committee recommended that HR Department may come up with detailed working paper for creation of a promotion criteria for filling up these posts, as upgradation is an ad-hoc arrangement and designed to benefit individuals in a manner which is not sustainable. It will also erode chances for career advancement for those who are junior to these programmers.

(VIII) Item No.13 of the TOR of previous HRD Committee:

To consider upgradation of Vacant Posts of DEOs at Head Office as DESs:

Recommendation:

The Committee after due deliberation were of the opinion that management has yet to finalize the cases of qualification improvement, therefore, it would be premature to

recommend the approval of upgradation at this stage. The Committee further recommended that as decided in the case of programmers, the posts of DES be created and then filled up as per appropriate promotion criteria.

Note: **The Board has already approved the upgradation of DEOs of Regional Offices as DES.**

(IX) Item No.15 of the TOR of previous HRD Committee:

To consider revision of qualification for various posts in EOBI:

Recommendation:

The Committee after due deliberation recommended that the decision of the Board for direct recruitment should be implemented in its true spirit and after reviewing the results the Institution would be in a better position for revision in qualification if needed necessary.

(X) Item No.16 of the TOR of previous HRD Committee:

To consider and recommend measures of reward & punishment to improve discipline, efficiency and effectiveness of the Institution:

Recommendation:

The Committee was of the opinion that there are sufficient provisions available in the existing laws to deal with such cases, therefore, there is no need to recommend any further measures for Reward & Punishment to improve discipline, efficiency etc. The Management may proceed with such cases strictly in accordance with laid down procedure.