

APPROVED MINUTES OF 74th MEETING OF THE BOARD OF TRUSTEES.

=====

The 74th meeting of the Board of Trustees of EOBI was held at 10:00 am on 28-09-2005 at EOBI Head Office Karachi, to consider the following agenda: -

| Item no. | Subject |
|----------|--|
| 01. | To Confirm the Minutes of 73 rd Meeting Of The Board of Trustees. |
| 02. | To Review Progress On The Decisions Taken By The Board In Its 73 rd Meeting. |
| 03. | To Review Performance Of The Institution And Minutes Of 101 Meeting of Investment Committee. |
| 04. | To Consider Shifting of EOBI Head Office, Karachi. |
| 05. | To Consider Recruitment Against Vacant Posts And Induction Of "Probationary Officers". |
| 06. | To Consider Incorporation Of Real Estate Investment & Management Company. |
| 07. | To Consider Budget For I.T. Solution. |
| 08. | To Consider Creation Of Two Adjudicating Authorities. |
| 09. | To Consider Re-structuring Of Benefits & Contribution Department. |

2. The meeting was presided by Malik Asif Hayat, President Board of Trustees/ Secretary, Labour and Manpower. The following attended the meeting: -

- | | | |
|----|---|------------------|
| 1. | Malik Asif Hayat <i>Secretary Labour and Manpower</i> | President |
| 2. | Brig: (Rtd) Akhtar Zamin Chairman, EOBI. | Member |
| 3. | Mr. Ahsan Akhtar Malik Joint Secretary (LW) | Member |
| 4. | Mr. M. Jumman J. Jamro <i>Financial Adviser</i> (Labour & Manpower) | Member |
| 6. | Major(R) Shahnawaz Badar, <i>Secretary Labour, (Punjab).</i> | Member |
| 7. | Mr. Nasar Hayat <i>Secretary Labour (Sindh)</i> | Member |
| 8. | Mr. Nazim F. Haji Employers' Representative, (Sindh) | Member |
| 9. | Mr. Nooruddin F. Daud Employers' Representative, (NWFP) | Member |

- | | | |
|-----|---|----------------------|
| 10. | Ch. Zaheer Ahmed Taj <i>Employees' Representative, (Punjab)</i> | Member |
| 11. | Mr. Sultan Muhammad <i>Employees' Representative, (Balochistan)</i> | Member |
| 12. | Mr. Muhammad Zaman Employees' Representative (NWFP) | Member |
| 13. | Mr. Abdul Aziz Abbasi <i>Employees' Representative, (Sindh)</i> | Member |
| 14. | Mr. Mushtaq Ahmed Sammo ADG EOBI | Secretary BOT |

3. Mr. Akhtar Jamil Khan, FA/DG (F&A) and Mr. Farooq Awan, Investment Advisor EOBI attended the meeting as co-opted members. Mr. Mumtaz Ahmed, Secretary Workers Welfare Board Baluchistan attended the meeting as observer in place of Khowaja Siddique Akber, Secretary Labour Baluchistan. Mr. Ahsanullah Khan, Secretary Labour NWFP. Mr. Sardar Ali Ahmed Jomezai, Employers' Representative of Baluchistan could not attend the meeting.

4. Meeting commenced with recitation from Holy Quran by Mr. Nooruddin F. Daud. The President BOT/Secretary Labour & Manpower Malik Asif Hayyat welcoming participants, introduced new Chairman of EOBI, Brigadier (Rtd) Akhtar Zamin. President expressed pleasure over his appointment as Chairman EOBI and expressed the hope that the new Chairman would bring EOBI on the path of development, prosperity and would achieve desired goals.

5. The Chairman Brigadier (Rtd) Akhtar Zamin thanking the President said that he always worked with a commitment, irrespective of position and nature of assignment. He assured the Board that Inshaallah he would endeavor his best to bring the Institution on right path. He however considered it impossible, without the help of honourable Board members and said the direction and guidelines provided by the members would Inshaallah be implemented in its true spirit with the help of his team because he believes in collective wisdom and team work. He further said his foremost target would be "to work for the poorest of the poor and betterment of the Institution".

6. Ch: Zaheer Ahmed Taj, the Representative of Employees from Punjab Province, on behalf of Board members welcomed the Chairman and assured him full support of entire board members. Thereafter Secretary Board, with the permission of President BOT, started the board proceeding as per agenda item.

Item No. 1.
TO CONFIRM THE MINUTES OF 73RD MEETING OF THE BOARD OF TRUSTEES.

7. Secretary Board informed that Mr. Jumman J. Jamro, Financial Advisor (Labour & Manpower Division) raised few objections, which had already been circulated with 74th BOT meeting's Agenda. These objections mostly related to

budgetary proposals for allocation, re-structuring of the Investment Department and powers of the Investment Advisor. The Secretary BOT apprising the members informed that Ministry had already issued directives whereby Investment Advisor would report to the Board of Trustees through the Chairman EOBI instead of previous decisions whereby he was allowed to report Board of Trustees through Investment Committee.

8. In view of the direction, most of the objections raised by the Financial Advisor stood clarified, however in order to specifically clarify para-wise objections, the Investment Advisor Mr. Farooq Awan explained the position:-

1. That ULCL was a bad bargain and it would be feasible to get rid of it as soon as possible.
2. That composition of Investment Committee was based on practical needs and it does not mean to represent Province of Sindh.
3. That investment proposal means projects, which would indeed be allowed by the Board.
4. That frequent Investment meetings means, at least one meeting in a month.
5. That Audit means, the existing Audit Department of EOBI.

Above clarifications satisfied the queries and objections accordingly.

9. Thereafter Secretary Board informed that Ex-Chairman EOBI Mr. Shafi Malik wrote a letter in respect of minutes of 73rd BOT meeting asking Secretary Board the reasons and justification of withdrawal of his retirement benefits.

10. The President BOT while explaining the decision of 73rd BOT meeting apprised the members that in the 72nd BOT meeting Mr. Nazim F. Haji requested the Board to allow all retirement benefits as per past practice, to the Retiring Chairman Mr. Shafi Malik by referring BOT decisions taken in 49th and 50th BOT meetings. The President further apprised that no working paper was presented and therefore details of previous BOT decisions in this respects, such as decisions taken in 41st BOT meeting were not made available for Board. The retirement benefits were thus allowed on the basis of 49th and 50th BOT meeting's decisions. Afterward it was brought into his knowledge, that in the 41st BOT meeting, restriction of five (5) years service was made and the same had yet not been waived off. He therefore decided to withdraw the decision taken in 72nd BOT meeting.

11. Mr. Shahnawaz Badar Secretary Labour Punjab, deliberating upon the issue pointed out that the vehicle had already been transferred in the name of Ex-Chairman, and all excise documents had already been completed and therefore it would not be feasible to withdraw the vehicle at this stage as it might invite litigation. The majority of the members seconded his views and suggested to up hold 72nd BOT decision.

12. Some of the members were also of the opinion that officers on deputation enjoy double benefits after retirement, i.e. benefits of parent department as well as benefits of the organization where they worked on deputation. This practice should not be allowed. The President explained that no double benefit was allowed to Mr. Shafi Malik as he had been allowed vehicle from the EOBI, while no vehicle was allowed to him from his parent department, in the same manner pension had been allowed to him from the parent department and no pension is allowed from EOBI.

13. The President however, expressing his concern over the situation said that Secretary, BOT at no stage, apprised the Board of earlier decisions and preferred to remain quite on the issue which caused this un-necessary confusion before the Board. To streamline these issues, the President directed Chairman, EOBI to examine and review the perks, privileges and packages allowed to all EOBI employees from Grade-1 to grade-12 and the Chairman and other officers on deputation/contract and submit report with specific recommendations how to bring down the cost of Management at earliest.

14. **Therefore, the Board decided**

- i) Not to withdraw the vehicle from Mr. M. Shafi Malik ex-Chairman, EOBI as the same already stands transferred in his name and it will not be quoted as a precedent for future.
- ii) To examine and review the available/allowed benefits to the retiring Chairman, President, BOT and other officers of the Institution. The same be placed in the next Board meeting for review by BOT.
- iii) To examine and review the perks, privileges and pay/pension packages of Officers of EOBI and place before the next Board meeting for review by BOT.

Item NO.2

TO REVIEW PROGRESS ON THE DECISIONS TAKEN BY THE BOARD IN ITS 73RD MEETING

15. The Secretary BOT reported the compliance made by different departments of the Institution on decisions taken in the 73rd BOT meeting. As regards preparation of Rules for Regularization of Contract Workers, he informed that Rules were under progress and would be placed before the Board for further decision in the matter, after receipt of re-structuring committee's report. Ch: Zaheer Ahmed Taj Representative of Employees objected that framing of Rules had nothing to do with committee's report, which in fact was a complicated matter and might require more time whereas delay in regularization of contract workers would further create frustration amongst employees. The President BOT explaining the decision apprised that re-structuring committee would come up with actual need of manpower requirements, which enable the management to decide how many contract and regular employees would actually be required therefore it would be appropriate to wait till report.

16. The convener of re-structuring committee Mr. Nazim F. Haji while explaining his difficulties requested that he may be relieved from the convener-ship of the committee as he was unable to spare enough time to committee, he however assured to continue to render his full participation as member. **The President advised Chairman EOBI to head the committee and Mr. Nazim F. Haji must continue his valuable participation. President further advised Chairman to get accomplish Committee's task at earliest and in the mean time Rules for contract employees be also prepared, so that matter may be resolved accordingly.**

17. Discussing compliance of dispute resolution committees, Secretary Board informed that Regional Dispute Resolution Committees had already been constituted and TOR had also been issued. **The President showing his displeasure over the delayed constitution of these committees directed the Chairman to fix target date for holding meetings and to submit performance report accordingly in the next BOT meeting positively, so that basic purpose of these committees to resolve practical problems at the level of field offices be achieved without further delay.**

18. Secretary BOT informed that in compliance to Board decision, Mr. Abdul Aziz Abbasi member BOT had been provided the inquiry report regarding fake pensioners of Hyderabad. Mr. Abdul Aziz Abbasi however denied having received any report. The President directed the Chairman to look into the matter personally, Chairman promised that inquiry would be completed within fifteen (15) days and Mr. Abdul Aziz Abbasi would also be included in the process. He further assured that in the same manner inquiry of Assistant Director of Multan would also be completed in shortest possible time and Ch: Zaheer Ahmed Taj would be included in the process of enquiry to make it more transparent and result oriented.

19. **The President expressing his disappointment over disciplinary cases directed that action in respect of all cases, reported in the meeting should be completed without further delay under intimation to the Board.**

20. As regards the cleansing of record, recovery of arrears from private and public sectors and process of Reconciliation, Secretary Board informed that a number of meetings of senior concerned officers had been held and efforts were made to update and cleansed the record of IPs, however as the task was complicated and time consuming, therefore it would require further time to accomplish the same.

21. **President while allowing extension in time directed that efforts should be re-strengthened and a time schedule be given to complete the process. Chairman, EOBI assured that he personally would look after the exercise and get it completed as soon as practicable.**

Item No. 3.
TO REVIEW PERFORMANCE OF THE INSTITUTION AND
MINUTES OF 101 MEETING OF INVESTMENT COMMITTEE.

22. Item No. 3 was not discussed.

Item No. 4
TO CONSIDER SHIFTING OF EOBI HEAD OFFICE, KARACHI

23. Investment Advisor Mr. Farooq Awan who is also looking after Real Estate Department briefed the participants about the proposal.

24. He explained that the present building of Head Office EOBI is located in a commercial area. The commercial activity in the vicinity is rapidly increasing and present area has become a busy commercial center for home furniture accessories.

25. Describing practical problems faced by the organization in respect of Head Office building he mentioned that: -

- The present building was basically constructed, as a shopping Plaza and is therefore unsuitable for official requirements.
- There is a very little parking place for official vehicles.
- Shakra-e-Faisal is the busiest road due to VIP movement and being main link road to airport.
- Security problems are increasing.
- Insufficient space to accommodate 250 employees.

26. In view of these problems the need for a new building for Head Office became imperative. Management had located building of Post-Office authorities at I.I. Chandigar Road for this purpose on an yearly rent of Rs.14.25 million and an amount of Rs18.12 million would also be required for renovation, up-gradation of the building.

27. The matter was discussed at considerable length. Most of the members were of the opinion that instead of hiring a building on rent, efforts should be initiated to construct EOBI's own building. The Investment Advisor explained that suitable plots had already been located and negotiations are under process in this regard. He further mentioned that it entails lengthy process and a great deal of time was required to accomplish the task where as immediate practical problems were becoming unavoidable day by day. He therefore suggested that in order to buy a suitable plot and to construct a proper building, we should not take decision in hurry and it would be appropriate to shift into the rented building first.

28. **After lengthy discussion, Board accepted the proposal and allowed shifting of Head Office to the proposed building at I.I. Chandigar Road, on rent, subject to following conditions: -**

- i. **That proposed amount for renovation and up gradation of new building would be curtailed from Rs.18.12 million to Rs 10 Million, which includes renovation, repair and entire shifting process. The amount of rent of the building and renovation will be included in the budget.**
- ii. **The existing office building will be given on rent within 3 months from the date the office is shifted to new premises.**
- iii. **The proposed office of Adjudicating Authority will be located in Head Office premises.**
- iv. **The Zonal Office, Karachi should also be shifted to new rented building and the existing premises be rented out at the same time, to cover the payment of rent for new building.**

Item No.5

TO CONSIDER RECRUITMENT AGAINST VACANT POSTS AND INDUCTION OF “PROBATIONARY OFFICERS”.

29. Mr. Akhtar Jamil Khan FA/DG (F&A) briefed the participants that Board had already approved probationary scheme in its 69th BOT meeting and modalities of this scheme were agreed and approved in 70th and 72nd BOT meetings.

30. DG (F&A) further mentioned that Establishment Division had already issued the NOC for recruitment of forty-Seven (47) officers against vacant posts.

He therefore requested Board to allow the following: -

- a. Recruitment against 47 posts for which the Establishment Division has given NOC.
- b. Recruitment against the existing 22 vacancies of AD/EO as “Probationary Officers” on the terms already approved by the Board.
- c. Recruitment of officers /staff against the vacancies as and when they occur.

31. Mr. Sultan Muhammad, Employees’ Representative (Baluchistan) pointed out that under the proposed re-structuring of B&C Department number of Assistant Directors and Executive Officers might become surplus, therefore it should be ensured that these officers should be given preference prior recruiting new officers.

32. Board after due deliberations accepted and approved the scheme and allowed only fifteen (15) officers on probation at present whereas decision in respect of rest of the proposed officers would be made after the finalization of re-structuring.

Item No. 6**TO CONSIDER INCORPORATION OF REAL ESTATE INVESTMENT & MANAGEMENT COMPANY.**

33. The Investment Advisor Mr. Farooq Awan presented the paper and said that Board of Trustees in its 72nd BOT meeting held on 10-03-2005 had already approved setting up Real Estate Investment and Management Company with a paid up capital of Rs 100 million. He clarified that budget comprises of Revenue/capital expenditures whereas equity participations in a fully owned company is an Investment. He therefore proposed that Rs.100 million wrongly included in the proposed budget for 2005-2006 is not capital/revenue expenditure but a permissible investment under EOB (Investment) Rules 1979 and does not require approval from the Ministry of Finance and as such it has to be removed from the budget.

34. Board agreed and approved the proposal, however it was decided that Board of Directors of the proposed Real Estate Investment & Management Company be nominated by the Board of Trustees.

Item No. 7**TO CONSIDER BUDGET FOR I.T. SOLUTION.**

35. EOBI initiated its own in house automation facilities in 1986. Data Processing was introduced in the year 1997. Regional Offices were provided computers and elaborated software was developed. Institution is now planning to have one corporate DATA BASE EDP Department conceived the idea and named it "EOBI-I.T-Solution". It is a connectivity solution whereby users would be linked to a central server assessing and updating "A Central Data Base". There would be LANs and WANs all inter connected with each other.

36. In the budget for 2005-06 under the head of I.T Solution an amount of Rs.11.7 million was approved for supply of Hardware and establishment of network. Accordingly tenders were called and after due process it was noticed that the budget allocated last year was not sufficient and an amount of Rs.47.8 million would be required for establishment of network in EOBI.

37. Besides it has also been observed that in order to achieve the assigned targets, to coordinate the current as well as the proposed applications design, to implement the LAN and WAN Solution and also the process of procurement of the requisite hardware and its effective timely utilization it is necessary to acquire the services of a competent and experienced project director from the market.

38. Deliberating upon the proposal Mr. Nazim F. Haji inquired the benefits of introducing the I.T Solution, especially in respect of minimizing the cost of administration.

39. President BOT acknowledging his views said, he also raised the same question when first presentation was made by the Institution and he accordingly advised that this Investment should result in minimizing the cost as well as it should considerably increase the efficiency and out put.

40. Chairman EOBI, impressing upon the issue stressed that it would only be possible when we equip our team with necessary logistic and provide them with competent and experienced professionals to guide and to set the direction for desired results.

41. After due deliberations Board decided:-

- a) **justification for raising the amount of Rs.11.7 million to Rs.47.8 million for IT solution be placed before the Board with full justifications on complete cost of this project.**
- b) **to hire Project Director on contract basis from market for maximum period of 2 years. He may also engage/employ 1 or 2 professionals if felt necessary to accomplish the task. Their terms of reference will be framed by the management of EOBI and terms and conditions of their employment will be submitted to the Board for approval.**
- c) **Cost benefit ratio for this project be furnished to the Board.**
- d) **The placement of present DDG (EDP) to be decided by the Chairman, EOBI after appointment of Project Director.**

Item No. 8

TO CONSIDER CREATION OF TWO ADJUDICATING AUTHORITIES.

42. EOBI Act 1976 provides mechanism for deciding the issues under Section 33. Presently Zonal Heads have been delegated the powers to hear and decide these issues on behalf of the Institution. Review of the decisions also lies with them Under Section 34 of the Act.

43. There have been views that the Zonal Heads are part of the implementation machinery of EOBI, entrusted primarily with meeting targets of collection of contribution and cannot be expected to dispense justice on issues arising out of these activities. The situation of “conflict of interest” is manifest and should not be allowed to co-exist in the same person. Besides Zonal Heads have also been entrusted with other work, thus they have not been able to fully concentrate on “Adjudication”.

44. It was therefore proposed that implementation and adjudication functions be separated to provide justice to all stakeholders. This decision would not only help in quicker disposal of cases but also provide independence adjudication. The DG (F&A) further briefed the members about the number of cases pending with Zonal Heads during last five years and also provided details of expenditures on ten (10) Zonal Offices, who are adjudicating these cases at present.

45. The DDG (F&A) proposed the creation of two independent Adjudicating Authorities and withdrawal of Adjudicating powers from Zonal Heads.

46. The proposed Adjudicating Authorities shall be located at Karachi for Sindh and Balochistan and at Lahore for the Punjab and N.W.F.P.

47. The matter was fully deliberated upon and after due discussion, Board approved the proposal with following amendments;-

- **Two adjudicating authorities will be established at Karachi for Sindh and Baluchistan and at Lahore for Punjab and NWFP on 1-1-2006. Regulations on functioning of these authorities will be submitted to the Ministry for approval by 30-11-2005.**
- **Officers from Judiciary serving or retired Sessions Judges may be appointed as Adjudicating Authorities on contract basis, in order to enhance the prestige and credibility of the authority. However in the meantime officers of the Institution shall continue to work as Adjudicating Authority till SOP for the assignment and terms of reference for contract appointment of officers of judiciary is finalized.**
- **The present Zonal Offices will cease to exist with effect from 31-12-2005.**
- **No new office building would be hired. The proposed authorities would be housed in existing available EOBI buildings.**
- **All Regional Offices will act as registry offices to the adjudicating authorities and would entertain petitions and prepare necessary documentations.**
- **Adjudicating authorities will visit different Regions to hear cases instead of petitioners attending their offices.**

Item No. 9

TO CONSIDER RE-STRUCTURING OF BENEFITS & CONTRIBUTION DEPARTMENT (CLOSING OF ZONAL OFFICES IN EOBI).

48. DG (F&A) Mr. Akhtar Jamil Khan presented the paper and briefed the members that in the 73rd BOT meeting Board directed to submit a comprehensive report on retention or otherwise of the office of Zonal Heads.

49. In compliance to the directives, the issue of restructuring the B&C operations was discussed at great length and depth at various levels/forums and final deliberations were held at Karachi in a series of meetings of Senior Field Officers as well as of Head Office from 12-09-2005 to 15-09-2005. On account of these deliberations three proposals were prepared. Out of these three proposals the

third proposal, details of which are given below was considered appropriate and the management recommended:-

PROPOSAL-3

NO ZONES, 26 REGIONS DIRECTLY REPORT TO DDG (I) AND DDG (II).

DIRECTOR GENERAL (OPERATION)

1. **Deputy Director General (B&C) (I)**
2. **Deputy Director General (B&C) (II)**

| 1. <u>Deputy Director General (B&C) (I)</u> | 2. <u>Deputy Director General (B&C) (II)</u> |
|--|--|
| <p>Lahore (North) Region Lahore (South) Region Lahore Central Region Manga Mandi Region Sheikhupura Region Faisalabad (North) Region Faisalabad (South) Region Sialkot Region Islamabad Region Rawalpindi Region Peshawar Region Mardan Region Abbotabad Region</p> | <p>Karachi City Region Karachi Korangi Region Karachi Lanhi Region Karachi Karimabad Region Karachi Nazimabad Region Hyerabad Region Sukkur Region Quetta Region Multan Region Muzafargarh Region Rahimyarkhan Region Sargodha Region Gujranwala Region</p> |

50. DG (F&A) also briefed the participants about the exercise wherein Regions were curtailed on the basis of number of IPs and business activity in the area.

51. The proposal was discussed and all members took active part in it. President enquired about the yearly expenditures on each Zonal Office and its financial impact by abolition the same. He also enquired about the number of employees that would be surplus on account of abolition of zones and minimizing number of Regional offices. DDG (F&A) was invited to explain yearly expenditures of zones. He provided information of Revenue expenditures and contingencies and provided details of imprest amount allowed to each zone.

52. DDG (B&C) was invited to comment. He briefed the participants about prevailing working system and assured that the proposed scheme would be more practicable and effective.

53. After due deliberations Board accepted option number three (3) whereby all Zonal Offices would be abolished and Regional Offices would be

curtailed from 36 to 26. No additional post will be created at any level and internal adjustments will be made.

54. **It was also decided that management will provide complete details of officers/officials to be declared surplus and a comprehensive plan to accommodate them.**

55. **The management shall also provide detailed information about officers /officials retiring in next 3 to 5 years' period.**

56. **As a result of re-structuring no staff/officers will be retrenched. All staff and officers declared as surplus will be adjusted according to EOBI Rules.**

57. **The Zonal Offices will cease to function from 31-12-2005 before that management will have necessary arrangements in place.**

58. **Management shall also provide cost effective future impact of proposed plan whereby number of employees would be curtailed in due course of time.**

The Meeting Ended With Vote Of Thanks To The Chair.