

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Presentation on EOBI

Syed Iqbal Haider Zaidi
Director General EOBI,

Constitutional Obligation

Employees' Old-Age Benefits Institution (EOBI) was created in July 1976 under an Act of Parliament in compliance with Article 38-C of the Constitution of the Islamic Republic of Pakistan

Promulgated on April 08, 1976

Published on April 19, 1976

Took effect on 1st of July, 1976

Social Security Concept

Social security concept is based on ILO Convention 102 (1952) which envisages nine contingencies

1. Medical Care
2. Sickness Benefits
3. Unemployment Benefit
4. Old Age Benefit
5. Employment Injury Benefit
6. Family Benefit
7. Maternity Benefit
8. Invalidity Benefit
9. Survivor Benefit

Social Security Definition by I.L.O.

“ The protection which society provides for its members through a series of public measures against the economic and social distress that otherwise would be caused by the stoppage of or substantial reduction of earnings resulting from sickness, maternity, employment injury, unemployment, invalidity, old age, death and the provision of subsidies for families with children”.

ILO Definition Analyzed

I- protection is provided through a series of public measures. It means that government has a definite role in providing social security to its populace;

II- protection is provided in the event of socio-economic distress which might have been caused due to old age, sickness, maternity, injury, unemployment, old age, etc.

III- protection to those who fall in its ambit in maintaining their social status by providing a sure continuous flow of income, though the amount may be just sufficient to provide subsistence level of living.

SOCIAL SECURITY CONCEPT - A BIFURCATION

For simplicity sake, social security concept is bifurcated between short term and long term benefits

SHORT TERM BENEFITS include medical care, maternity, unemployment allowance, injury benefits, etc.

LONG TERM BENEFITS include old age pension, survivor pension, invalidity pension

EOBI - A Long Term Benefit Giving Institution

EOBI fulfills the requirements of I.L.O. definition

- It is a public institution
- Its benefits are provided to those whose income fall or discontinue due to old age, invalidity or death.
- It is a sure and continuous flow of income.

EOB ACT

•Applicability of EOB Act

- It applies to every industry or establishment employing 05 or more persons From July 2008.
- w.e.f. 07-2006 establishments Having 20 & more.
- w.e.f. 07-1976 till June 2005 establishments having 10 & more.

Exemption From Applicability Of EOB Act

Employees of State, Statutory Bodies,, Police, Armed Forces, Railway, Local Bodies, Municipal Committees and other Local Authorities

Exemption Granted

Since inception till now, no exemption has been granted to any industry except carpet industry which was withdrawn w.e.f July 2008. Factually none is exempted except mentioned above

UNIVERSAL COVERAGE

EOB Scheme over the years has covered every person working in the organizations registered with it irrespective of the wages/salaries/designation etc.

Who pays contribution?

1. Employers at following rates:-

Rs.1000/-	w.e.f. July, 1976	@ 5%
Rs.1500/-	w.e.f. July, 1985	@ 5%
Rs.3000/-	w.e.f. July, 1993	@ 5%
Rs.3000/-	w.e.f. July, 2005	@ 6%
Rs.4000/-	w.e.f. July, 2006	@ 6%
Rs.6000/-	w.e.f. July, 2008	@ 5%
Rs.7000/-	w.e.f. July, 2010	@ 5%
Rs.8000/-	w.e.f. July 2012	@ 5%

2. Government paid matching grant to EOBI till 1995. After that it started to pay only a token money.
3. Employees @ of 1% of minimum wage Presently Rs. 80 p.m. w.e.f. July, 2001.

DEFINITION OF EMPLOYEE

Employee means any person employed, whether directly or through any other person, for wages or otherwise to do any skilled, or unskilled, supervisory, clerical, manual or other work in or in connection with affair of an industry or establishment under contract of service or apprenticeship whether written or oral, express or implied and include such person when laid off.

BENEFITS AVAILABLE UNDER EOB SCHEME

- **Old Age Pension**
- **Reduced Old Age Pension**
- **Invalidity Pension**
- **Survivor Pension**
- **Pension to Children**
- **Pension to parents**
- **Old-Age Grant**

CHART OF BENEFITS

Old-Age Pension superannuation at the age of 60 for men and 55 for women and 55 years for those miners who are in mining occupation for at least 10 years immediately preceding retirement. Old Age pension can not be allowed for more than 6 months retroactively.

Insurable Employment period required for entitlement to old age pension.

- | | | | |
|---|-----------------|-----------------|----------|
| | Joining Below | 40 years of age | 15 years |
| - | Joining between | 40 - 45 years, | 7 years |
| - | Joining above | 45 years | 5 years |
- Facility of 5 & 7 years have been withdrawn w.e.f. July, 2008. Now only 15 years insurable employment is must for old age pension.

Reduced Old Age Pension Definite retirement age less than 60 years

The old age pension shall be reduced by one half percent of old age pension specified in the schedule for each completed month by which the age falls short of sixty years (55 years in case of women).

The reduced old age pension will be awarded for life and would not be restored to the insured persons even after attaining the age of 60 years for men and 55 years for women.

Invalidity Pension is allowed to that insured person whose normal earnings has dropped to $\frac{2}{3}$ due to any incapacitation and contribution in respect of him are payable for:

- Not less than **15 years** of insurable employment.
- If one does not have **15 years** of insurable employment but he has at least **5 years** of insurable employment to his credit but not less than **3 years during 5 years** preceding immediately to his sustainability of invalidity.
- Invalidity pension is **renewed** after every **6 months** on the basis of medical report on degree of invalidity.
- If invalidity pension **continues for 5 years** then it is converted into **life invalidity pension**.
- Invalidity pension is **not awarded for more than six months** retroactively.

Survivors Pension if old age pensioner or invalidity pensioner expires then 100% of pension is allowed to the survivor of the deceased pensioner.

If an insured person expires while in insurable employment and he had at least 3 years of insurable employment at his credit

OR

if an insured person dies while not in insurable employment but he had at least 5 years of insurable employment then minimum pension of Rs.3600 p.m would be allowed to the surviving spouse.

Old Age Grant is allowed to such insured person who otherwise is not entitled for old age pension and he has attained 60 years of age and 55 in case of women. Old Age Grant is payable in lumpsum @ one month's average Minimum wages for each completed year of insurable employment (average wage is calculated on the basis of Minimum wages on which contribution is payable in respect of twelve calendar months).

Pension to Children if the deceased pensioner is not survived by a spouse, survivor pension would be allowed to his minor children (boy till the age of 18) to be distributed equally.

Pension to Parents if the deceased pensioner is not survived by a spouse or children, the pension would be paid to the parents for 5 years.

Pension to Daughter Till 18 years or marriage whichever is earlier

DISABLED CHILD for life

CALCULATION OF OLD AGE AND INVALIDITY PENSION

Old age pension/Invalidity Pension is calculated according to following formula:-

$$\frac{\text{Average Monthly Wages based on the wages of Last 12 months}}{50} \times \text{Number of Insurable employment years}$$

EOB PENSION RATES

Minimum Pension per month Since Jan. 2012 Rs.3600

Maximum Pension per month w.e.f July 2014 Rs.6240

Minimum Wages since 2012 Rs.8000

Legal Remedies Available Under EOB Act

- Complaints of Employers against EOBI to be adjudicated under section 33 and review under section 34 with appeals to the Appellate Authority under section 35.
- Complaints of Employees against EOBI to be adjudicated under section 33-e with review under section 34 and appeals to the Appellate Authority under section 35.

TRIPARTITE COMPLEXION OF THE WORKING OF THE INSTITUTION

- Board of Trustees
- Regional Dispute Resolution Committees

SETTLEMENT OF PENSION CLAIM WITHIN MINIMUM TIME

- It is obligatory for the Regional Office to settle the pension claims within 30 days or to explain the reasons for delay.
- There are examples when survivor pension of the deceased pensioner have been settled within one day/a week' s time.
- Regional Offices intimate the employers the list of their employees who are superannuated as per EOBI record each month.

THE PRINCIPLE OF ONCE COVERED EVER COVERED

- Once an employee is insured under EOB Act is covered for ever.
- If one leaves the service for some period and re-joins afterwards his insurable employment will again continue and aggregate would be taken for calculation purposes.
- If one leaves the establishment registered with EOBI and joins un-registered establishment for the time being he is out from the scheme but as soon as he joins a registered establishment his insurable employment continues.

TRANSPARENCY IN THE WORKING OF THE INSTITUTION

- No role of the Institution in cash handling with the employers and employees or Pensioners.
- Contributions are deposited by the Employers & Employees at NBP designated branches.
- Benefits are paid through NBP designated Branches, Easy Paisa (TMFBL) & NADRA

STATISTICS ABOUT EOBI SINCE 1976 TO NOVEMBER, 2014

Employers Registered	98,057
Insured Persons (in million)	6.22
Pensioners	522,121
Contribution Collected since inception (Rs. in billion) upto November 2014	100.9
Matching Grant by Federal Govt. 07-86 to 7-95 (Rs. in billion) Currently @ Rs. 100,000 p.a..	4.4
Pension Paid (Rs. in billion) upto Nov. 2014	87.8
EOBI Fund (Rs. in billion) upto Nov. 2014	272.3

THANKS