

ORDER SHEET
IN THE HIGH COURT OF SINDH, KARACHI
C.P. No.D-5136 of 2025
(Ameeruddin v The Appellate Authority Board of Trustees EOBI & others)
C.P. No.D-5137 of 2025
(Muslim Khan v The Appellate Authority Board of Trustees EOBI & others)

Date Order with signature of Judge

Before:-

Mr. Justice Adnan-ul-Karim Memon

Mr. Justice Zulfiqar Ali Sangi

Date of hearing and order:- 09.03.2026

M/s. Saleem Hussain Shah & Arshad Mehmood advocate for the petitioners
M/s. Moiz Ahmed & Faiz Ahmed advocate for the Respondents along with
Abdul Ahad Memon, Director (Law).

Ms. Wajiha Mehdi DAG

ORDER

Adnan-ul-Karim Memon, J. – The petitioner in C.P. No. D-5136/2025 has filed the captioned Constitutional Petitions under Article 199 of the Constitution of the Islamic Republic of Pakistan, 1973, with the following prayer(s):-

- a) *To hold that the grounds mentioned above are legal, valid, and justified;*
- b) *Set aside the order/decision dated 30.07.2025 passed by the Respondent No.1 and orders/decisions dated 07.11.2017 & 28.07.2016 under section 33 of the EOBI Act of the Respondents No. 2 & 3 as illegal and arbitrary;*
- c) *Set aside the orders passed by the Respondents, direct the Respondents to recover the due payable contribution from Respondent No. 4, and to make payment of Old age pension to the petitioner, and declare the petitioner is insurable employment was more than 15 years as such is entitled for EOBI pension.*

The petitioner in C.P. No. D-5137/2025 has filed the captioned Constitutional Petitions under Article 199 of the Constitution of the Islamic Republic of Pakistan, 1973, with the following prayer(s):-

- a) *To hold that the grounds mentioned above are legal, valid, and justified;*
- b) *Set aside the order/decision dated 30.07.2025 passed by the Respondent No.1 and orders/decisions dated 28.07.2016 under section 33 of the EOBI Act of the Respondents No. 3 as illegal and arbitrary;*
- c) *Set aside the orders passed by the Respondents, direct the Respondents to recover the due payable contribution from Respondent No. 4 and to make payment of invalidity pension to the petitioner and declare the petitioner is insurable employment was more than 15 years as such is entitled for EOBI pension.*

2. Learned counsel for the petitioner in CP No. 5136 of 2026 submitted that the petitioner remained in continuous employment with M/s Hussain Weaving & Finishing Mills Ltd. from 26-11-1999 to 15-04-2015 and was an insured employee under the EOBI scheme. After retirement, he applied for an old-age/invalidity

pension in 2016; however, the application was rejected because contributions had not been deposited for the required fifteen years. Counsel argued that the petitioner's employment up to April 2015 stood verified through the service certificate and verification conducted by EOBI itself, and that the employer had stopped depositing contributions after September 2011 due to the alleged closure of the mill, though the petitioner continued working as a security guard until 2015. It was contended that failure of the employer to deposit contributions could not deprive the petitioner of his statutory right to a pension, as recovery of outstanding contributions was the responsibility of EOBI. Counsel further submitted that although the appellate authority had directed the respondents to verify the establishment and recover the outstanding contributions, the respondents failed to comply and ultimately passed the impugned order dated 30-07-2025 dismissing the claim, which, according to counsel, is contradictory to earlier directions and suffers from non-application of mind.

3. In CP No. 5131 of 2026, he submitted that the petitioner served as a permanent workman with M/s Latif Spinning Mill from 02-12-1998 to 31-03-2014 and thereafter with M/s Hussain Spinning & Finishing Mills until 17-01-2015, completing more than sixteen years of service. However, during the course of employment, the petitioner suffered a serious accident on 15-02-2014, which resulted in permanent disability. The incident was duly reported to SESSI, and a disability certificate was issued by the competent authority. It was further submitted that the petitioner was examined by a Medical Board, which assessed his disability at 60% loss of earning capacity and awarded him total disablement pension under the Social Security scheme. Counsel contended that the petitioner, being an insured employee with more than fifteen years of service and having suffered disability during employment, was entitled to invalidity pension under the EOBI Act, 1976. However, his claim was rejected on the grounds that contributions had only been deposited up to July 2011. Counsel argued that the petitioner had actually rendered more than sixteen years of service, and the employer's failure to deposit contributions for the remaining period could not defeat his statutory entitlement, particularly when the Adjudicating Authority had already directed the respondents to initiate recovery proceedings against the employer. He added that despite such directions, the respondents failed to recover the outstanding contributions and dismissed the claim through the impugned order dated 30-07-2025, which, according to counsel, is illegal and arbitrary. It was therefore prayed that the impugned orders be set aside and the respondents be directed to recover the due contributions and grant invalidity pension to the petitioner in accordance with law.

4. Conversely, learned counsel for the respondent—EOBI submitted that the institution functions under the Employees' Old-Age Benefits Act, 1976, which prescribes specific conditions for the grant of pension. He contended that under

Section 22 of the Act, an insured person becomes entitled to old-age pension only if contributions in respect of him have been paid for a minimum period of fifteen years. According to the contribution record maintained by EOBI, contributions in respect of the petitioners were deposited only up to August/September 2011 (and in CP No.5131 of 2026 up to July 2011), therefore, the mandatory requirement of fifteen years' contributions was not fulfilled. Learned counsel further argued that entitlement under the Act depends on the actual contribution record, not merely the length of service claimed by an employee. Although the petitioners alleged longer service and default on the part of the employer, such omission cannot automatically create liability upon EOBI to grant pensionary benefits without fulfillment of the statutory requirements. He added that efforts were made to verify the status of the establishment and recover outstanding contributions. The employer stated that the mill had closed in 2011, and no recoverable assets were available. It was also submitted that the grant of disability benefits by the Sindh Employees' Social Security Institution (SESSI) does not entitle the petitioner to invalidity pension under the EOB Act, as both schemes operate under separate statutory frameworks with distinct eligibility criteria. Learned counsel maintained that the impugned orders were passed strictly in accordance with law after examining the contribution record and statutory requirements; therefore, the petitioners, having failed to satisfy the mandatory conditions for pension, are not entitled to the relief sought. Accordingly, he prayed that the petitions be dismissed as being without merit.

5. Learned AAG supported the stance of the respondent EOBI and prayed for dismissal of these petitions.

6. In rebuttal, learned counsel for the petitioners submitted that the stance taken by the respondent–EOBI is misconceived and contrary to the spirit of the Employees' Old-Age Benefits Act, 1976. He contended that the petitioners had rendered more than the required length of service and were duly registered as insured persons; therefore, their entitlement cannot be defeated merely on the ground that the employer failed to deposit contributions for the entire period. Such failure, he argued, is attributable to the employer and the respondent institution's own enforcement mechanism, and the employees cannot be penalized for an omission beyond their control. Learned counsel further submitted that the Act imposes a statutory obligation upon the employer to deposit contributions and upon EOBI to ensure compliance and recover outstanding amounts. If the employer defaulted, it was incumbent upon EOBI to initiate effective recovery proceedings under the law rather than denying the lawful benefits of the insured employees. The plea that the mill had closed and that no assets were available cannot absolve the respondents from their statutory responsibility, nor can it extinguish the accrued rights of the petitioners. It was also argued that the petitioners had continuously worked until the

date of disability/termination, and such service is supported by employment record as well as benefits granted by the Sindh Employees' Social Security Institution (SESSI), which confirms their status as insured workers. The respondents cannot rely solely on incomplete contribution records when the fact of employment and eligibility is otherwise established. Accordingly, learned counsel contended that the impugned orders are arbitrary and contrary to law, and prayed that the same be set aside with directions to the respondents to recover the outstanding contributions from the employer and extend the benefit of pension to the petitioners in accordance with law.

7. In view of the above discussion, this Court is of the considered opinion that the controversy in the present petitions must be examined in light of the beneficial nature of the Employees' Old-Age Benefits Act, 1976, which is a social welfare legislation intended to provide financial security to workers in their old age or in the event of disability.

8. It is a settled principle of law that welfare statutes enacted for the protection of labour are to be interpreted liberally to advance the object of the legislation rather than defeat it on technical grounds. In the present cases, although the respondents have relied upon the non-deposit of contributions for the entire qualifying period, the record indicates that the petitioners' employment was claimed to have continued beyond the period for which contributions were deposited and that the competent authority itself had earlier directed verification of the establishment and recovery of outstanding contributions from the employer.

9. It is equally well settled that the failure or negligence of an employer in depositing statutory contributions cannot, by itself, extinguish the accrued rights of an insured employee under a social security scheme. The statutory framework of the Act empowers the institution to recover unpaid contributions through coercive mechanisms, including recovery as arrears of land revenue, and therefore, the burden of enforcing compliance primarily lies upon the statutory authority entrusted with that responsibility. In this regard, the august Supreme Court of Pakistan in Human Rights Case No. 17599 of 2018 (*Re-Workers of M/s Steel Mills vs. Federation of Pakistan*) emphasized that benefits under labour welfare legislation should not be denied merely due to administrative lapses or defaults attributable to the employer or the implementing agency. Similarly, in the case of *Muhammad Hanif v. Employees' Old-Age Benefits Institution*, it was held that the provisions of labour welfare statutes must be construed in a manner that advances the social security rights of workers and prevents injustice resulting from procedural or institutional deficiencies.

10. Furthermore, the superior courts have consistently held that where employment of an insured worker is otherwise established, and the employer's liability to deposit contributions exists, the matter should not be concluded merely based on incomplete contribution records without first exhausting the statutory mechanism for recovery. Reference may also be made to the judgment of the Supreme Court of Pakistan in *EOBI v. Muhammad Ashraf*, wherein it was reiterated that the beneficial object of labour legislation requires the authorities to adopt a pragmatic approach so that the rights of workers are not defeated by technicalities.

11. Applying the above principles to the present cases, it appears that the respondents rejected the claims primarily on the ground that the qualifying contribution period was not reflected in their record, although directions had earlier been issued to verify the establishment and initiate recovery proceedings against the employer. Such an approach does not fully conform to the spirit and scheme of the Act, which places a statutory obligation upon the institution to enforce compliance and recover outstanding contributions before denying the benefit of a pension to an insured employee.

12. Therefore, to ensure that the statutory rights of the petitioners are determined fairly and lawfully, we deem it appropriate to set aside the impugned orders in both petitions and remand the matters to the competent authority of EOBI to undertake a comprehensive determination of the petitioners' claims. The authority shall verify the employment record, take effective steps for recovery of outstanding contributions from the employer in accordance with law, and thereafter decide the entitlement of the petitioners to old-age or invalidity pension, as the case may be, strictly under the provisions of the Act. Such exercise shall preferably be completed within a reasonable period of two months. However the claim of the petitioners shall not be rejected on the premise that contribution could not be deposited by the employer as it was the duty of EOBI, to recover the contribution from employer and petitioners cannot be saddled with such non compliance on the part of the employer.

13. Both petitions, along with pending application(s), are disposed of in the above terms.

JUDGE

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