

# Labor Related Policies, Regulations, Practices and welfare activities in the context of Industrial Development and Social Protection in Pakistan

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**Abstract:**

This study critically examines labor-related policies, regulations, practices, and welfare activities in Pakistan, emphasizing their implications for industrial development and social protection. Despite government efforts such as the Minimum Wage Ordinance, Industrial Relations Act, and Social Security Ordinance, significant gaps in enforcement and implementation persist. Many workers, especially in the informal sector, remain excluded from basic labor rights and social protection. Challenges include weak enforcement of minimum wage laws, limited social security coverage, and insufficient vocational training and welfare programs. Additionally, gender disparities in the labor market exacerbate the plight of women workers. The paper highlights the need for a comprehensive, coordinated approach to address these challenges by strengthening labor law enforcement, expanding social protection coverage, and fostering gender equality. Such reforms are essential for enhancing worker well-being, promoting equitable labor practices, and driving industrial development in Pakistan.

**Key words:**

Labor policies, Social protection Industrial development, Gender equality, Informal sector

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## *Introduction*

The International Labor Organization (ILO) defines "labor" as all forms of work, whether paid or unpaid, formal or informal, and performed in the public or private sector, including self-employment. This broad definition encompasses any economic activity undertaken for the production of goods or services. It covers all types of jobs, ranging from manual labor to intellectual work, and includes managerial, administrative, and professional roles.

According to the Pakistan Bureau of Statistics' Labor Force Survey (2020–21), the total employed workforce is categorized as the "Worker Population." Pakistan boasts one of the largest labor forces globally, ranking among the top 10. This workforce is continuously expanding, with an annual increase of approximately 1.5 million individuals. Currently, about 47% of the labor force is engaged in the agriculture sector, 10.5% in the manufacturing and mining sectors, and the remaining 42.5% in various other professions, including services, trade, and other industries. This growing labor force highlights both the country's economic potential and the pressing need to address challenges such as job creation, skill development, and equitable distribution of opportunities across sectors.

S.No	Labour Force	Total (million)	Male (million)	Female (million)
1.	<b>Labour in Pakistan</b>	71.76	54.92	16.84
2.	<b>Punjab</b>	41.9	30.3	11.6
3.	<b>KP</b>	10.3	8.3	2.1
4.	<b>Sindh</b>	15.9	13.3	2.7
5.	<b>Balochistan</b>	3.6	3.1	0.5

Source: Pakistan Bureau of Statistics

## *Problem Statement*

Pakistan's labor market faces several challenges, including high levels of informality, low wages, limited social protection, and inadequate enforcement of labor laws. Despite the presence of various labor-related policies, regulations, practices, and welfare activities, workers in the country, including women and children, continue to encounter significant barriers to accessing decent work and social protection.

Consequently, there is a need for a critical evaluation of the effectiveness of existing labor-related frameworks in the context of industrial development and social protection in Pakistan. This study aims to evaluate and identify gaps and weaknesses in the current system and to recommend measures that enhance the protection of workers' rights, promote the formalization of the labor market, and ensure comprehensive social protection for all.

### *Scope*

The scope of this study is to evaluate the effectiveness of labor-related policies, regulations, practices, and welfare activities in Pakistan, with a particular focus on industrial development and social protection. This evaluation examines the impact of various factors on the labor market, including economic growth, political stability, labor market regulations, and social safety net programs. It also incorporates the perspectives of employers, employees, and government policymakers to identify potential areas for improvement in labor-related policies and practices.

The significance of this topic lies in addressing the critical issue of labor rights and social protection in Pakistan, where a substantial proportion of the workforce is engaged in informal and low-paying jobs. Evaluating labor-related policies, regulations, practices, and welfare activities in the context of industrial development and social protection is vital for identifying challenges and opportunities in promoting decent work and ensuring social protection for workers.

This evaluation aims to inform policymakers and stakeholders about gaps and weaknesses in the current system and to suggest measures for enhancing the protection of workers' rights, promoting the formalization of the labor market, and ensuring inclusive social protection for all. The findings of this study can contribute to the ongoing discourse on labor rights and social protection in Pakistan and provide valuable insights for future policy and research initiatives in this area.

### *Research Methodology*

This study is based on descriptive approach on secondary data against the socio-political and administrative backdrop which is highlighted by the qualitative analysis. Primarily secondary data has been used for different perspective analysis retrieved from newspaper articles, ILO report, National Labor Surveys, Economic Surveys, websites of WWF and Labor Departments. Situational analysis, Gap analysis, SWOT analysis, and Log-frame matrix is used on secondary data for conclusions.

### *Literature Review*

The National Labor Law Profile of the Islamic Republic of Pakistan (2004) by the International Labour Organization (ILO) examines the historical evolution of labor laws in Pakistan, considering national legislation, the constitutional framework, international obligations, and ILO conventions. The profile primarily focuses on challenges faced by trade unions, enforcement of labor laws, protection of workers' health and safety, and the low participation of women in trade unions. While the research highlights a broad regulatory framework, it also reveals situations of exploitation and discrimination. For instance, the registration of trans-provincial centers remains unclear, and the constitutional right to form trade unions has been suspended in some provinces. Numerous workplace fatalities underscore critical issues in health and safety protections. Women's participation in trade unions is notably low due to mistrust of union leaders, fear of job loss, and significant pay disparities with male counterparts. Moreover, labor laws exclude the agricultural sector, despite it being the most productive and employing the largest proportion of the workforce.

The Economic Survey of Pakistan (2021–22) provides crucial data on various labor-related indicators, including population estimates, urban and rural demographics, total labor force, unemployment rates, fund distribution statistics, and the employment-to-population ratio. These metrics shed light on labor welfare and economic trends in the country.

An agreement document between the ILO and the Netherlands underscores the need to strengthen labor inspection systems in Pakistan. This partnership emphasizes creating efficient and effective inspection regimes to enforce labor laws and protect workers' rights. It also aims to strengthen institutional mechanisms, enhance the capacity of human resources to enforce labor inspections, and collaborate with the private sector to promote and ensure compliance with international labor standards.

The Labor Policy of 2010 focuses on the social and economic well-being of the population as a key objective of the government. It aims to achieve these objectives by aligning policies with the country's resources and economic conditions. The policy stresses the urgent need to revitalize the economy through sustained efforts to increase productivity, promote investment, and maximize employment. It also highlights the importance of fostering awareness among workers and employers about their responsibilities toward national objectives. While promoting these goals, the government recognizes that workers and employers must enjoy reasonable benefits that the economy can sustain without setbacks.

## *Situational & GAP Analysis*

### *Legal and Regulatory Framework*

#### **Legislative Structure**

The legal and regulatory framework related to labor and social protection in Pakistan is governed by several laws and regulations. Bills pertaining to items in the second part of the Federal Legislative List or the Concurrent Legislative List may be introduced in either house. The Concurrent Legislative List, outlined in Article 70(4) of the Constitution, includes provisions for the welfare of labor: conditions of labor, employer liability, workers' compensation, health insurance, trade unions, industrial and labor disputes, the establishment and operation of labor exchanges, employment information bureaus, training establishments, regulation of labor and safety in mines, factories, and oil fields, and unemployment insurance.

#### **Hierarchy of Labor Courts**

In Pakistan, the hierarchy of Labor Courts is as follows:

##### **Labor Court**

The Labor Court is the first court of reference for all labor-related disputes. It has jurisdiction to hear and decide cases related to employment, wages, working conditions, and other labor-related matters.

##### **Labor Appellate Tribunal**

The Labor Appellate Tribunal serves as the appellate court for decisions made by the Labor Court. It hears appeals against the decisions of the Labor Court and has the authority to revise or confirm those decisions.

##### **High Court**

If a party is dissatisfied with the decision of the Labor Appellate Tribunal, they may file an appeal in the High Court. The High Court has the power to review the decision of the Labor Appellate Tribunal and may confirm, reverse, or modify the decision.

##### **Supreme Court**

If a party is dissatisfied with the decision of the High Court, they may file an appeal in the Supreme Court. The Supreme Court has the authority to review the decision of the High Court and may confirm, reverse, or modify the decision. The decision of the Supreme Court is final and cannot be challenged in any other court.

## **Labor Rights in the Constitution**

The Constitution of Pakistan contains various provisions regarding labor rights, outlined in Part II: Fundamental Rights and Principles of Policy.

- Article 11 of the Constitution prohibits all forms of slavery, forced Labor and child labor;
- Article 17 provides for a fundamental right to exercise the freedom of association and the right to form unions;
- Article 18 proscribes the right of its citizens to enter upon any lawful profession or occupation and to conduct any lawful trade or business;
- Article 25 lays down the right to equality before the law and prohibition of discrimination on the grounds of sex alone;
- Article 37(e) makes provision for securing just and humane conditions of work, ensuring that children and women are not employed in vocations unsuited to their age or sex, and for maternity benefits for women in employment.

## **Key Laws**

These rights are protected and enforced through some of the key laws mentioned below:

### **Factories Act, 1934**

This law regulates working conditions in factories, including provisions related to the safety, health, and welfare of workers, employment of young persons and women, and leave entitlements. The law requires employers to provide clean drinking water, adequate lighting, ventilation, temperature control, and other facilities to ensure the safety and welfare of workers.

### **Industrial Relations Act, 2012**

This law governs the relationship between employers and workers, including collective bargaining, dispute resolution, and the formation and recognition of trade unions. The law provides workers with the right to form and join trade unions and engage in collective bargaining.

### **Minimum Wage for Unskilled Workers Ordinance, 1969**

This ordinance sets a minimum wage for unskilled workers in various industries, including agriculture, manufacturing, and mining. The minimum wage is periodically revised by the government to account for inflation and other economic factors.

### **Social Security Ordinance, 1965**

This ordinance provides for the establishment of social security schemes for workers, including old-age benefits, disability benefits, and survivors' benefits. The law requires employers to register their employees with the social security system and contribute towards their social security benefits.

### **Workers' Compensation Act, 1923**

This law provides compensation to workers who are injured or disabled during the course of their employment. It requires employers to compensate workers or their families in the event of injury or death while on the job.

### **Employment of Children Act, 1991**

This law prohibits the employment of children below the age of 14 in any occupation, including factories and mines. It also sets restrictions on the employment of children aged between 14 and 18, such as limiting their working hours and ensuring their safety and welfare.

### **Workers' Welfare Fund (WWF) Ordinance, 1971**

This ordinance establishes the Workers' Welfare Fund for providing accommodation and other facilities for workers and for matters connected therewith. Every industrial concern with a total income of not less than five lakh rupees in any year must contribute two percent of its total income to the fund.

However, gaps in the implementation and enforcement of these laws and regulations must be addressed to ensure the protection and welfare of workers in Pakistan.

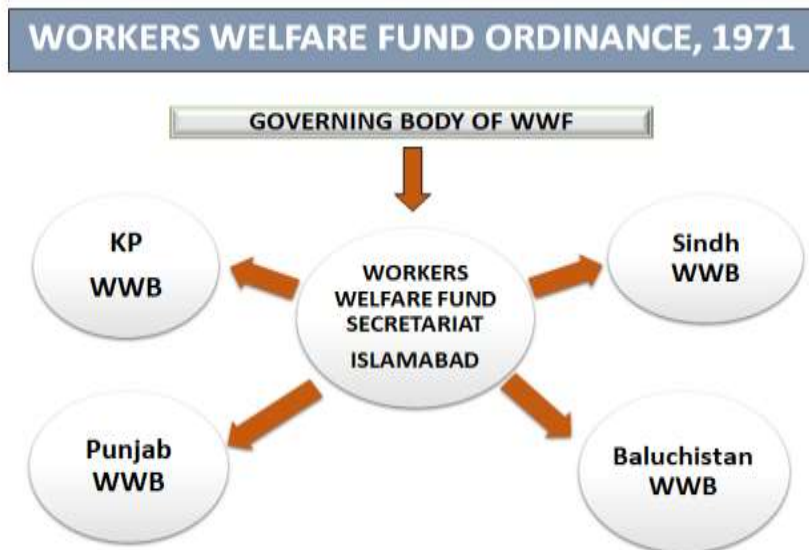
### **Capacity and Resources**

The WWF is an autonomous organization established under the Workers' Welfare Fund Ordinance, 1971. Its administrative control lies with the Ministry of Overseas Pakistanis & Human Resource Development, Islamabad. Four (04) Provincial Workers' Welfare Boards (PWWBs) have been established under the WWF Ordinance, 1971. These PWWBs are funded by the WWF, Islamabad, while their administrative control is entrusted to the respective Provincial Governments.

The WWF receives 2% of the income of industrial establishments under the WWF Ordinance, 1971. Additionally, the leftover amount of 5% of profit, after distribution among eligible workers, is contributed to the fund under the Companies Profit (Workers' Participation) Act, 1968.

As per section 7 of the Workers Welfare Fund Ordinance 1971, a Governing Body constituted of the Fund to whom shall be entrusted the *management* and *administration* of the Fund. The Governing Body shall consist of the Secretary to the Government of Pakistan in the Ministry dealing with matters relating to labor welfare, who shall be its Chairman and not more than Eighteen (18) other members to be appointed by the Federal Government of whom-

- At least One (01) shall be appointed from each Province upon the recommendation of the Provincial Government concerned;
- At least One (01) shall be appointed from each Province from amongst the Workers; and
- At least One (01) from each Province shall be appointed from amongst the Employers.



### *Provincial Worker Welfare Boards*

Provincial Worker Welfare Boards, PWWBs are constituted under Workers Welfare Fund Ordinance, 1971. The following are salient features:

- Four (04) Provincial Workers Welfare Boards are funded by WWF
- Administrative Control is with Concerned Provincial Government.



- Budget, Posts and Projects are approved by Governing body, WWF.
- Development Projects are executed by Provincial WWBs.
- Sindh promulgated their own Sindh Workers Welfare Fund Act, 2014 and started collection from Sindh Industrial Establishments in 2016.
- Punjab also promulgated their own Punjab Workers Welfare Fund Act, 2020 and constituted their own Governing Body. Moreover, WWF-Punjab started collection from Punjab Industrial Establishments in 2022.
- Worker Welfare Boards, KP & Baluchistan still follow WWF-Ordinance, 1971 and does not support the devolution of WWF.

**HR Strength**

**HR Strength**

Grade	Sanctioned Strength			Filled In	Vacant Posts
	Total	HO	RO		
BS 20 (Secretary WWF)	01	01	-	01	0
BS-20	03	03	-	-	03
BS-19	16	12	04	03 + 02	11
BS-18	24	16	08	17 + 01	06
BS-17	41	23	18	34	07
BS-01 to 16	239	129	110	210	29
<b>Total</b>	<b>324</b>	<b>184</b>	<b>140</b>	<b>268</b>	<b>56</b>

**Organogram**



**Budget 2020-21**

Approved Budget 2020-21	20.85 Billion
Actual Expenditure	9.5 Billion
Revised Estimates 2020-21	9.5 Billion

**KP Labor Department**

The following are the attached departments:

1. Workers Welfare Board
2. Directorate of Labor
3. Employee Social Security Institution
4. Workers Children Education

**Budget**

Budget estimates as per Finance Department Medium Term Budget Estimates for Service Delivery 2020-23 are given below:

**Budget Estimates: By Outcome(s) & Output(s)**

Description	BE 2019/20	BE 2020/21	FBE 2021/22	FBE 2022/23
<b>1. Labour welfare for improved economic activity bringing economic prosperity</b>	<b>393.281</b>	<b>457.529</b>	<b>463.1048059</b>	<b>486.1420754</b>
<b>1.1 Improved working conditions and environment</b>	<b>259.991</b>	<b>234.56</b>	<b>243.7441501</b>	<b>257.702607</b>
Salary	154.936	116.243	118.56786	120.9392172
Non Salary	86.217	72.866	81.60992	91.4031104
Development/Capital	18.838	45.451	43.56637008	45.36027944
<b>1.2 Promoting welfare of the industrial and commercial labour and strengthening of labour-management relations</b>	<b>88.057</b>	<b>68.969</b>	<b>71.74628</b>	<b>74.7468536</b>
Salary	66.475	54.99	56.0898	57.211596
Non Salary	21.582	13.979	15.65648	17.5352576
<b>1.3 Discouraging and combating bonded labour and child labour</b>	<b>45.233</b>	<b>154</b>	<b>147.6143758</b>	<b>153.6926148</b>
Development/Capital	45.233	154	147.6143758	153.6926148
<b>2. Improved governance</b>	<b>196.483</b>	<b>148.223</b>	<b>151.6642374</b>	<b>158.4003255</b>
<b>2.1 Improved policy, planning, budgeting and monitoring</b>	<b>66.692</b>	<b>41.475</b>	<b>42.48902959</b>	<b>44.02068488</b>
Salary	40.391	31.022	31.64244	32.2752888
Non Salary	5.344	5.122	5.73664	6.4250368
Development/Capital	20.957	5.331	5.109949592	5.320359281
<b>2.2 Enforcement of standardized system of weights and measures</b>	<b>129.791</b>	<b>106.748</b>	<b>109.1752078</b>	<b>114.3796406</b>
Salary	70.299	55.034	56.13468	57.2573736
Non Salary	47.287	21.496	24.07552	26.9645824
Development/Capital	12.205	30.218	28.96500784	30.15768463
<b>Grand Total</b>	<b>589.764</b>	<b>605.752</b>	<b>614.7690433</b>	<b>644.5424009</b>

### ***Punjab***

- Non-Development Budget for 2021 - 2022 is RS 737.000 Million (approx)
- Annual Development budget for 2021 - 2022 is RS 335.000 Million (approx)

### ***Sindh***

Development Budget for 2021-22 is RS 165 Million

### ***Baluchistan***

- Non Development Budget for 2021-22 is 2.3 billion
- Annual Development Budget for 2021-22 is 384 million

## ***Stakeholder Engagement***

Stakeholder engagement is crucial for the topic of critical evaluation of labor-related policies, regulations, practices, and welfare activities in the context of industrial development and social protection in Pakistan. Here are some stakeholders that could be engaged in the process:

### **Government Agencies and Policymakers**

Government agencies responsible for labor and social protection policies and regulations, such as the Ministry of Labor and Human Resource Development, the Ministry of Social Welfare and Special Education, and the National Industrial Relations Commission, should be engaged in the process. They can provide information on existing policies and regulations, identify gaps in implementation, and offer suggestions for improvement.

### **Employers and Business Associations**

Employers and business associations, such as the Pakistan Business Council, the Federation of Pakistan Chambers of Commerce and Industry, and the Employers' Federation of Pakistan, should also be involved in the process. They can provide insights into the challenges and opportunities businesses face in complying with labor-related policies and regulations and suggest ways to improve compliance and promote decent work.

### **Workers and Their Representatives**

Workers and their representatives, such as trade unions and workers' associations, are essential stakeholders in the process. They can provide insights into the challenges workers face regarding working conditions, wages, and social protection and propose ways to improve the situation.

## **Civil Society Organizations**

Civil society organizations, including non-governmental organizations (NGOs) and labor rights groups, play a significant role in advocating for the rights and welfare of workers. They can offer valuable insights into the gaps in existing policies and regulations and suggest ways to address these issues.

## **International Organizations**

International organizations, such as the International Labor Organization (ILO), the World Bank, and the Asian Development Bank (ADB), are also important stakeholders in the process. They can provide technical support, resources, and expertise to enhance labor-related policies, regulations, practices, and welfare activities in Pakistan.

Engaging these stakeholders in the critical evaluation of labor-related policies, regulations, practices, and welfare activities in the context of industrial development and social protection in Pakistan ensures that their perspectives and inputs are considered, leading to more comprehensive and effective recommendations.

## **Labor Market Dynamics**

The ingredients of labor market dynamics are complex and multifaceted but generally include the following:

### **Labor Force Participation**

The proportion of working-age individuals who are either employed or actively seeking employment. Pakistan's labor force participation rate increased to 32.3% in December 2021, compared with 32.0% in the previous year.

### **Employment/Unemployment**

The number of individuals who are currently employed, either full-time or part-time, in a particular sector or occupation. Pakistan's unemployment rate for 2021 was 4.35%, a 0.05% increase from 2020.

## **Job Creation**

Pakistan's economy created 5.5 million jobs during the past three years - an average of 1.84 million jobs per year, which is far higher than the yearly average of new jobs created during the 2008–2018 decade, according to findings from the Labor Force Survey (LFS) published by the Pakistan Bureau of Statistics (PBS).

## **Wage Growth**

The rate at which wages are increasing or decreasing within a particular sector or occupation. Pakistan's average monthly wages were reported at 24,028 PKR in 2021, marking an increase from 21,326 PKR in 2019. The data is updated yearly, averaging 12,636.5 PKR from June 2008 to 2021, with 10 observations. The data reached an all-time high of 24,028 PKR in 2021 and a record low of 6,612 PKR in 2008.

## **Skill Demand**

The demand for specific skills within a particular sector or occupation. Skilling, reskilling, and upskilling in Pakistan have traditionally been led by the public sector, a model that comes with its own challenges and limitations. There is a gap between the quality and relevance of training offered and the skilled labor force that industries actually need in market-relevant and demand-driven trades.

In reality, there are fewer private training opportunities, higher costs, and limitations associated with public-sector skills delivery. Beneficiaries struggle to keep pace with technological shifts and rapidly evolving market trends.

## **Case Study**

*Parwaaz* is an alliance of influential leaders from both the public and private sectors, with a mission to develop a forward-looking approach to reskilling the Pakistani workforce. The name *Parwaaz* signifies "taking flight," and the alliance is committed to elevating the nation's workforce to new heights. *Parwaaz* has three primary focus areas: lifelong learning and upskilling, youth employability and future-readiness, and innovative skills funding models. The alliance has identified six sectors as priority areas for the country's future growth: ICT, Financial Services, Textile, Hospitality, Retail and Services, Manufacturing and Light Engineering, and Agriculture and Livestock.

With the support of the Punjab Skills Development Fund, Parwaaz is facilitating collaboration among 42 of Pakistan's leading employers to establish six incubators at the sector level. These incubators aim to identify new and emerging roles for reskilling, upskilling, and new-skilling that will be in high demand in the future. Through these efforts, Parwaaz is proactively building a skilled and competitive workforce capable of addressing future challenges.

### **Education and Training**

The level and quality of education and training required for employment within a particular sector or occupation.

### **Labor Market Policies**

The regulations and policies that affect the supply and demand of labor within a particular sector or occupation, including minimum wage laws, unemployment benefits, and tax incentives for businesses.

### *Social and Cultural Factors*

**Education:** The level of education among the labor force can affect their awareness and understanding of labor policies and their ability to advocate for their rights.

**Gender:** Women's participation in the workforce and their treatment by employers and society can impact labor policies and practices.

**Social attitudes:** Cultural beliefs about work, labor, and social protection can affect how policies are viewed and implemented.

**Social inequality:** The prevalence of social inequality can impact labor policies and practices, as well as access to social protection and welfare activities.

#### **Cultural factors:**

**Religion:** Religious beliefs and values can shape attitudes towards work, labor practices, and social protection. It is narrated in a hadith that the Prophet (ﷺ) said, "Give employee his/her wages before the sweat is dry on him". In another hadith, it is related, "The rich, despite his riches, cannot delay of payment to the worker, for it is a crime".

**Traditional customs:** Traditional customs and practices can impact labor practices, such as the use of child labor or the treatment of women in the workplace.

**Family values:** Family values and obligations can impact labor practices, such as the ability to balance work and family responsibilities.

**Political culture:** The political culture of a society can impact labor policies and practices, such as the level of government intervention in labor issues.

### *Information Management*

In the current labor market, an Information Management System (IMS) is of paramount importance for organizations to effectively manage and utilize their workforce data. By using an IMS, companies can access valuable information on employee performance metrics, skill sets, training records, and other relevant details. This information helps organizations make informed decisions about hiring, promotions, and employee development, as well as identify workforce trends and implement necessary changes to ensure the availability of skilled workers when needed.

Moreover, with the increasing complexity of workforce regulations and compliance requirements, an IMS is a critical tool for companies to ensure compliance and avoid potential legal issues. In summary, an IMS is indispensable for organizations seeking to optimize their workforce management strategies and achieve their business objectives.

Unfortunately, as an AI language model, I do not have access to current facts and figures. However, according to the International Labour Organization (ILO), Pakistan's labor force participation rate stood at 56.6% in 2020, with a significant portion of the workforce employed in the agriculture sector. The country's labor laws are complex and can be challenging for organizations to navigate, which highlights the importance of having an effective IMS to ensure compliance.

In Pakistan, the use of technology in the workforce is increasing rapidly, with the country's IT industry experiencing significant growth. According to a report by the Pakistan Software Export Board, the IT industry grew by 47% in 2019, generating revenues of over \$2 billion. As the demand for skilled IT workers continues to rise, the need for effective workforce management systems, such as IMS, becomes increasingly important.

Moreover, the textile industry is one of Pakistan's largest employers, accounting for over 40% of the industrial labor force. With the sector experiencing rapid growth, it is essential for organizations to have accurate workforce data to ensure they have the necessary skilled workers to meet demand. An IMS can provide valuable insights into the current workforce and identify emerging trends, enabling organizations to take proactive steps to optimize their workforce management strategies.

In summary, having an effective IMS is essential for organizations in Pakistan to stay compliant with labor laws, manage their workforce effectively, and ensure they have the right skilled workers to meet demand.

### ***Labor Market Information System LMIS***

The availability of data, information, and analysis is critical for identifying labor market issues. Labor Market Information Systems (LMIS) play a crucial role in providing a foundation for employment and labor policies, as well as informing the design, implementation, monitoring, and evaluation of policies that are more focused and targeted. LMIS also help reduce the transaction costs of labor markets by providing complete information to labor market agents.

Most countries, including developing economies, are committed to developing Labor Market Information Systems. However, LMIS in developing economies often face various constraints, including data limitations, which can hinder their effectiveness. Despite these challenges, LMIS remains an important tool for policymakers to develop effective labor policies and improve labor market outcomes.

### ***Labor Inspection Management Information System LIMIS***

The Labor and Human Resource Department of Punjab has developed the Labor Inspection Management Information System (LI-MIS), which can serve as a model for the development of similar platforms in other regions or provinces. To ensure effective implementation, it may be beneficial to designate a centrally positioned government institution as a "convener" for the development of LI-MIS platforms in other regions or provinces.

## ***GAP ANALYSIS***

### **Current State**

There are various labor-related policies and regulations in place in Pakistan, such as the Factories Act, 1934, and the Industrial Relations Act, 2012. The government has implemented several labor welfare activities, including social security schemes, health and safety regulations, and minimum wage laws. However, the implementation and enforcement of these policies and regulations are weak, leading to violations of workers' rights, particularly in the informal sector. The social protection system in Pakistan is limited, with only a small percentage of the workforce covered by social security schemes.



## Desired State

The government needs to strengthen the implementation and enforcement of labor-related policies and regulations to ensure workers' rights are protected. There should be more comprehensive and inclusive social protection systems in place to cover all workers, including those in the informal sector. Greater emphasis should be placed on promoting decent work, including job security, fair wages, and safe working conditions. The government should work towards reducing informal employment and increasing formal employment opportunities.

## Gaps

The implementation and enforcement of labor-related policies and regulations are weak, leading to violations of workers' rights, particularly in the informal sector. The social protection system in Pakistan is limited, with only a small percentage of the workforce covered by social security schemes. There is limited focus on formal employment creation and a lack of emphasis on promoting decent work. Additionally, the participation of workers and their representative organizations in policymaking and implementation processes is limited.

## Plan

- Strengthen the enforcement mechanisms of labor-related policies and regulations, including increased monitoring and penalties for violators, by developing Information Technology platforms for live monitoring. Inspectors/enforcers should be equipped with tablets with pre-set indicators and checklists, which they can use to report to a central dashboard through pictures and videos, along with geo-tagging.
- Develop and implement more comprehensive and inclusive social protection systems to cover all workers, including those in the informal sector. A significant portion (39%) of workers are engaged in the agriculture sector, where labor laws do not currently apply. The Brazilian model, PRONAF, can be used to extend coverage to informal workers.
- For mine workers who are working in extremely deplorable conditions, laws framed after the **Silicosis Case** and the **OSH Act** need to be implemented. Mine workers must be provided with social security.
- Promote formal employment creation through policies and incentives, including skills development programs and tax incentives for formal employment.

- Increase the participation of workers and their representative organizations in policymaking and implementation processes through social dialogue and consultation mechanisms.

By addressing these gaps, Pakistan can work towards improving the protection and welfare of its workers, promoting decent work, and achieving more sustainable and inclusive industrial development.

## Performance and welfare Activities of WWF & Labor Department KP

### Welfare Measures by WWF

Marriage & Death Grants (From 1999 to 31-12-2022)

Marriage grant @ PRs. 400,000.

Death grant @ PRs. 800,000.

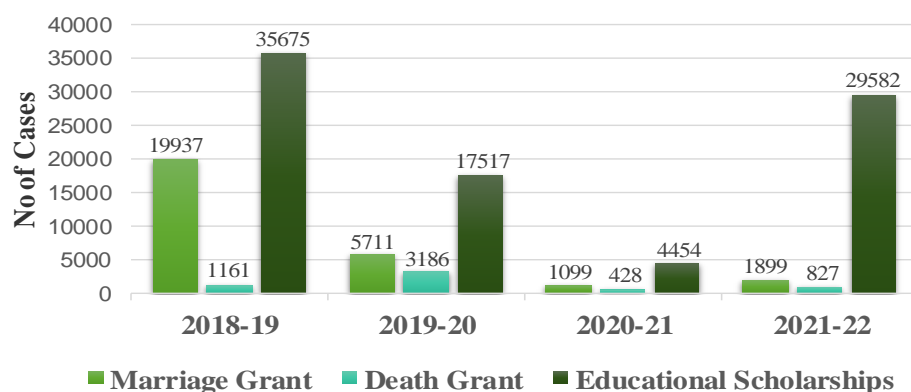
Sr. #	PROVINCE	Death Grant		Marriage Grant	
		No. of Cases	Amount (Rs. in million)	No. of Cases	Amount (Rs. in million)
1	PUNJAB	17,251	6,196.99	113,657	7,768.85
2	SINDH	3,399	1,019.13	45,736	1,900.88
3	KPK	1,896	699.36	15,060	758.94
4	BALUCHISTAN	965	871.68	1,947	87.75
5	ISLAMABAD	699	293.95	2,963	248.96
<b>TOTAL</b>		<b>24,210</b>	<b>9,081.11</b>	<b>179,363</b>	<b>10,765.38</b>

Source: Workers Welfare Fund Website

### Educational Scholarships

S.N	Financial Year	Scholarship (Rs. In Million)			
		Under-Matric		Post-Matric	
		No. of Cases	Amount	No. of Cases	Amount
1	2016-17	1072	118.669	359	18.984
2	2017-18	1944	936.78	689	93.860
3	2018-19	2622	141.806	861	121.401
4	2019-20	3335	183.439	942	126.227
5	2020-21	1347	76.114	116	13.596
6	2021-22	9681	264.139	1767	233.217
<b>Total</b>		<b>20,001</b>	<b>1720.947</b>	<b>4,734</b>	<b>607.285</b>

Source: Workers Welfare Fund Website



Source: Workers Welfare Fund Website

### Development Projects

Project	Completed	Ongoing	ICT	Punjab	KP	Sindh	Balochistan
Houses	82	01	01	07	26	21	24
Barracks	08	-	-	-	-	-	08
Flats	39	05	01	10	07	24	02
Schools	157	06	01	45	37	18	62
Technical institutes	36	-	-	02	17	15	02
Hospitals / Dispensaries	89	02	01	07	17	24	42

Source: Workers Welfare Fund Website

### Housing and Other Projects (On-going)

- Construction of 1008 Flats and 500 Houses at Workers Welfare Fund, Labor Colony (Phase-I), Zone-V, Islamabad.
- Construction of WWF Office / Commercial Building at F-6, Islamabad.
- Construction of 1200 Flats (Phase-I) and 1000 Flats (Phase-II) at Regilalma Peshawar.
- Construction of 720 Flats (Phase-I), Sundar Industrial Estate, Lahore.

### Health Schemes (On-going)

- Construction of 50 Bed Hospital at Chundko, Sindh and will be handed over to Workers Welfare Board Sindh after completion.
- Construction and operationalization of 25 Bedded Hospital at Pishin, Nokundi, Muslim-Bagh, Dalbandin and Chamalang, Balochistan.

### Educational Projects/ Schemes (On-going)

S.N	Schemes	Fund	KPK	Punjab	Baluchistan
		01	01	02	02
1	On-going	High School Sanghar, Sindh	WFGS Bannu, KP	Girls & Boys High School Sunder complex, Lahore	Girls High School, Distt-Sibi Girls High School So-range, Quetta

Source: Workers Welfare Fund Website

### New Proposed Projects for Newly Merged Areas (Fata)

- Establishment of 25 bedded hospitals at District Khurram and Kohat/
- Rescue Centre with ambulance at Orakzai
- Establishment of Vocational Training Centers at District, Khurram, Bajaur, Mohmand Waziristan and Shangla.

## GLOBAL BEST PRACTICES

### Bangladesh

Establishment of DWCP (Decent Work Country Program) in Collaboration with ILO and LIMA (Labor Inspection Management Application) Bangladesh is the second-largest garment exporter after China. The DWCP is a five-year plan (2017–2020) aimed at protecting the rights and interests of both workers and employers. It ensures decent working conditions based on the following predetermined priorities:

- Effective employment policies to enhance employability through skill development.
- Promotion of a safe and clean working environment as per ILO standards.
- Promotion of fundamental principles at work through social dialogue and tripartism (Government, Employers Federation, and National Coordination Committee for Workers' Education).
- Promotion of social protection for all workers and vulnerable groups, including protection against climate change.

### LIMA Digital Platform

The LIMA Digital Platform is an implementation tool designed to improve working conditions and workers' welfare by facilitating and monitoring labor laws and regulations. It is linked to a central server in Bangladesh, allowing various stakeholders to access and interact on the platform. It also serves as a national complaint platform for workers to lodge their grievances. The platform has ensured transparency and discouraged data manipulation.

### Implementation Proposal for Pakistan

LIMA can be tailored for Pakistan through the following actions:

- Linking the platform with NADRA's database, as highlighted in discussions with the Director of WWB, Peshawar.
- Conducting mass public awareness campaigns through billboards, electronic and print media, and social media via the Information Department.
- Engaging Islamic scholars and influential figures to educate stakeholders about labor rights and obligations, including fair wages.

### **Lifetime Employment Model and Worker Participation in Decision-Making in Japan**

The lifetime employment model and worker participation in decision-making, as practiced in Japan, encourage workers to take ownership of their workplace. These approaches foster a conducive work environment, improve communication, build trust, and increase employee engagement and job satisfaction.

### **Recognition and Streamlining of the Construction Labor Force**

In India, the construction labor force was streamlined after a landmark legislative move called "The Building and Other Construction Act," which imposes a 1% mandatory cess on the value of construction projects to be paid by the employer prior to the project's commencement. Given the mushrooming growth of the construction industry in Pakistan, with a significant labor force often referred to as "marginalized labor," similar measures could be adopted. This would streamline the labor force, create job opportunities, and ensure social security through a cost-effective mechanism.

### **The PRONAF Program in Brazil**

As an agrarian country where 39% of the labor force is engaged in the agriculture sector, Pakistan's labor laws (nearly 100 laws related to labor) currently do not apply to agricultural workers. A similar model to Brazil's PRONAF (Programa Nacional de Fortalecimento da Agricultura Familiar) can be adopted. PRONAF aims to provide financing and technical assistance to small farmers and rural workers, promote sustainable agriculture practices, diversify production, and ensure access to markets. The PRONAF program has been instrumental in reducing poverty, promoting food security, and fostering rural development in Brazil. It has significantly increased the income and well-being of millions of rural families across the country.

## *SWOT Analysis*

### **Strengths**

- **Legal Framework:** Pakistan has a strong legal framework for labor protection, including minimum wage laws, occupational health and safety regulations, and social protection programs. It has approximately 100 labor laws.
- **Large Workforce:** Pakistan has 71.76 million workers, 54.92 million of whom are men and 16.84 million of whom are women.
- **Government Support:** The government has shown support for labor social protection programs, such as the establishment of the Benazir Income Support Program and other social protection schemes, including Poverty Alleviation Funds, to provide stipends aimed at increasing earnings and alleviating poverty.
- **Rising Labor Force Participation:** Pakistan's labor force participation rate is rising, creating opportunities to expand labor social protection programs.
- **Institutional Frameworks:** Institutional frameworks for workers' welfare are available in all provinces.

### **Weaknesses**

- **Limited Coverage:** Pakistan's labor social protection programs are limited in scope, leaving many workers without access to social protection benefits.
- **Inadequate Funding:** Labor social protection programs in Pakistan receive insufficient funding, limiting their scope and effectiveness. Additionally, Pakistan's limited industrial base restricts the collection of funds.
- **Poor Implementation:** Labor social protection programs in Pakistan are often poorly implemented, with limited monitoring and enforcement mechanisms to ensure compliance with labor laws and social protection regulations.
- **Informal Sector:** A large proportion of Pakistan's labor force is employed in the informal sector, such as agriculture, which accounts for 47% of total labor and is not covered by labor social protection programs.

## Opportunities

- **Economic Growth:** Pakistan's economy can expand through projects like CPEC, providing opportunities to broaden labor social protection programs and ensure workers benefit from economic growth.
- **Emerging Technologies:** Technologies such as mobile banking and biometric identification can be leveraged to enhance the delivery and targeting of labor social protection programs.
- **Globalization:** The globalization of labor markets provides Pakistan with an opportunity to improve labor standards and expand social protection programs.
- **Provincial Legislation:** With provinces empowered to enact localized legislation, there is potential for more tailored and effective labor laws.
- **Strengthening Unions:** Empowering labor unions can improve workers' representation and rights.

## Threats

- **Political Instability:** Political instability in Pakistan can hinder the government's ability to effectively implement labor social protection programs.
- **Economic Downturns:** Economic downturns can reduce funding for labor social protection programs and increase unemployment, worsening poverty and inequality.
- **Limited Resources:** Pakistan's limited resources may prevent the government from expanding and improving labor social protection programs.
- **External Pressures:** Trade agreements and global economic trends can limit the government's ability to implement labor social protection programs that address the needs of Pakistani workers.

Pakistan has a strong legal framework for labor protection. However, labor social protection programs face challenges due to limited coverage, inadequate funding, poor implementation, and the dominance of the informal sector. While opportunities exist to expand and improve these programs, threats such as political instability, economic downturns, limited resources, and external pressures must be effectively addressed.



## *Conclusion*

Pakistan has a significant labor force, with approximately 71.7 million people engaged in various economic activities. The country has enacted several labor laws to protect the rights of workers, including minimum wage regulations, child labor restrictions, and health and safety standards. Additionally, Pakistan has made efforts to improve social protection measures for workers through various welfare activities and programs.

However, despite these policies and regulations, the implementation of labor laws remains weak, and workers in Pakistan continue to face significant challenges. According to a report by the International Labor Organization, Pakistan ranks 146th out of 190 countries in terms of labor rights and protections. Furthermore, the informal sector employs a significant proportion of the labor force, leaving many workers without adequate protection and benefits.

Moreover, Pakistan faces significant challenges in terms of industrial development, which has limited employment opportunities for workers. The country's manufacturing sector has struggled to compete globally due to a lack of technological advancement and limited investment in infrastructure. The COVID-19 pandemic has further exacerbated the economic challenges faced by workers in Pakistan, with many losing their jobs and struggling to make ends meet.

Despite the existence of more than 100 labor laws, their implementation remains weak. There is a lack of monitoring and enforcement mechanisms, and violators are rarely held accountable, which undermines the effectiveness of labor regulations. Many workers, particularly those in the informal sector, are not covered by social protection measures, leaving them vulnerable to income shocks, illness, and injury. The industrial development of Pakistan has been slow, leading to limited employment opportunities for the growing labor force. This has resulted in high levels of underemployment and informal employment. Many workers in Pakistan work under poor and hazardous conditions, particularly in the informal sector, where safety regulations are not enforced.

In conclusion, Pakistan has made some efforts to protect workers' rights and provide social protection measures, but significant challenges remain. The country needs to strengthen its implementation of labor laws and regulations, promote industrial development to create more employment opportunities, and provide support for workers affected by economic shocks. By addressing these challenges, Pakistan can improve the lives of its workers and promote sustainable economic growth.

## *Recommendations*

### **Information Communication Technology**

Pakistan has enacted hundreds of laws for the labor market, ensuring the protection and welfare of workers and promoting the interests of employers for economic development. One of the basic problems is that the enforcement mechanism is replete with politics, administrative incompetence, corruption, data manipulation, etc. These problems can be solved by establishing IT platforms like MIS, LIMS, etc. Currently, only Punjab has this platform. Other provinces need to develop their own platforms under the supervision of a federal government body.

### **Develop a National Labor Market Information System (LMIS)**

Pakistan needs a comprehensive LMIS that integrates data from multiple sources, including job portals, social media, and government databases. This system should be accessible to policymakers, researchers, and job seekers to help them make informed decisions.

### **Awareness Campaigns**

In Pakistan, awareness campaigns can play a vital role in improving the workforce labor situation. According to the International Labour Organization (ILO), only 30% of the workforce in Pakistan has access to formal employment, while the rest are employed in the informal sector. Awareness campaigns can help educate workers about their rights, including minimum wage laws, child labor laws, and workplace safety regulations. The Pakistan Bureau of Statistics (PBS) reported that in 2020, the labor force participation rate in Pakistan was 53.7%, meaning more than 46% of the population was not actively participating in the workforce. Awareness campaigns can help address this issue by encouraging more people to join the labor force.

### **Counseling Services**

Counseling services can help improve the mental health and well-being of the workforce in Pakistan. According to a survey conducted by the Pakistan Association for Mental Health (PAMH), more than 34% of the workforce in Pakistan suffers from stress and anxiety. This can lead to decreased productivity and absenteeism. Counseling services can help address these issues by providing support to workers and helping them cope with stress

and anxiety. Additionally, counseling services can also help address issues related to harassment and discrimination in the workplace.

### **Training Programs**

Training programs can help improve the skills and productivity of the workforce in Pakistan. According to the World Economic Forum (WEF), Pakistan ranks 125th out of 140 countries in the Human Capital Index, which measures the knowledge and skills of the workforce. Training programs can help address this issue by providing workers with the necessary skills to succeed in the modern workforce. Additionally, training programs can help reduce the skills gap, which is a major issue in Pakistan's labor market.

### **Health and Safety Measures**

Health and safety measures can help improve the working conditions of the workforce in Pakistan. According to the ILO, more than 15,000 workers die each year due to work-related accidents and illnesses in Pakistan. Additionally, the Pakistan Institute of Development Economics (PIDE) reported that in 2020, the incidence of workplace injuries in Pakistan was 8.3 per 100 workers. Health and safety measures can help address these issues by providing workers with safe working conditions and ensuring that they have access to medical care when needed.

### **Childcare**

Childcare facilities can help improve the participation of women in the workforce in Pakistan. According to the PBS, the labor force participation rate for women in Pakistan is only 22%, which is one of the lowest rates in the world. This is primarily due to the lack of childcare facilities in the country. Childcare facilities can help address this issue by providing working mothers with a safe and secure place to leave their children while they work.

### **Fair Wages and Benefits**

Fair wages and benefits can help improve the standard of living for the workforce in Pakistan. According to the ILO, more than 60% of the workforce in Pakistan earns less than the minimum wage, which is currently set at PKR 25,000 per month. Additionally, many workers in Pakistan do not receive any benefits, such as health insurance, sick leave, or paid vacation. Fair wages and benefits can help address these issues by providing workers with a decent standard of living and ensuring that they have access to basic necessities.

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