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**Report of Policy Lab on  
Bridging Gaps in Implementation  
of Industrial & Economic Development  
Strategies in Pakistan**

پاکستان میں اقتصادی اور صنعتی ترقی  
کے عمل میں حائل رکاوٹوں کا خاتمہ

**Policy Analysis &  
Recommendations- Part-6 of 11**

**Bridging Gaps in Labour  
Policies, Regulations, and  
Welfare Practices**

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# **Bridging Gaps in Labour Policies, Regulations, and Welfare Practices in Pakistan**

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## PREFACE

Public policy design, implementation, and evaluation are intricate processes that require a holistic approach to address the multi-faceted challenges of governance, economic development, and industrial transformation. The interplay of theoretical understanding, political economy dynamics, stakeholder engagement, and evidence-based decision-making is essential for crafting impactful policies. The concept of the Policy Lab emerges as a vital tool to address these complexities. Globally, renowned universities and government entities, particularly in the EU and North America, have adopted Policy Labs as platforms for analyzing public policies, their implementation mechanisms, and resultant impacts.

Policy Labs aim to bridge the critical gaps in communication, collaboration, and coordination among academia, policy practitioners, and stakeholders. They serve as incubators for innovative ideas, allowing for rigorous pre-policy analysis, mid-term critical reviews, and post-policy evaluations. By simulating real-world challenges in a controlled environment, Policy Labs foster evidence-based policy-making processes that are both practical and adaptable to dynamic socio-economic contexts.

The National School of Public Policy (NSPP) in Pakistan, through its Policy Simulation Exercises (PSE) at its training units such as the National Institute of Management (NIM), has embraced the concept of Policy Labs. These exercises are designed to mimic the global trends of Policy Labs, creating a focused research environment where government officers from diverse academic and professional backgrounds engage with ground realities. The outcomes of these simulations offer actionable insights and policy recommendations for government entities, enhancing their operational effectiveness and societal impact.

In January 2025, NIPA, Peshawar organized a comprehensive Policy Lab designed and supervised by Dr. Muqem Islam Soharwardy, Chief Instructor, NIPA Peshawar, addressing 11 critical dimensions of policy design, implementation, and facilitation to support economic and industrial development in Pakistan. These dimensions included:

1. Bridging Gaps in Industrial Policy Design and Facilitation at the National Level
2. Bridging Gaps in SEZ Policies and Implementation: A Case Study of Rashakai SEZ
3. Bridging Gaps in TVET Policies and Practices: Evaluating Their Impact on Employment and Industry in Pakistan
4. Bridging Gaps in IT Export and Freelancing Policies: Analyzing Economic Impacts on Pakistan
5. Bridging Gaps in Automobiles and Transportation Industry Policies: A Critical Evaluation for Industrial Development in Pakistan
6. Bridging Gaps in Labour Policies, Regulations, and Welfare Practices: Implications for Industrial Development and Social Protection in Pakistan
7. Bridging Gaps in Mechanized Agriculture and Smart Agricultural Techniques: Exploring Their Potential for Industrial Development in Pakistan
8. Bridging Gaps in Policies for High-Tech and Innovative Industries: Lessons from China's Reverse Engineering Strategies for Pakistan
9. Bridging Gaps in the Textile Sector of Pakistan: A Critical Analysis and Way Forward
10. Bridging Gaps in Policies and Practices for the Export Sector of Pakistan: An Evaluation for Enhanced Global Competitiveness
11. Bridging Gaps in Energy, POL, Gas/LNG Policies and Strategies: Supporting Industrial Development in Pakistan

The Policy Lab highlighted the urgent need to address fragmentation in policy design and implementation, emphasizing the critical role of integrated planning, stakeholder collaboration, and the use of advanced tools like Input-Output Models. For example, the session on high-tech industries demonstrated how Pakistan could benefit from reverse engineering strategies, as successfully implemented by China, to develop its industrial base. Similarly, the focus on SEZ policies and Rashakai SEZ showcased the potential of targeted interventions to optimize economic zones for industrial growth.

This initiative underscores the importance of fostering collaboration between academia and policy practitioners. Universities in Pakistan are encouraged to establish Policy Labs to complement government efforts and contribute to evidence-based policy research. Such partnerships can pave the way for a prosperous and industrially developed Pakistan, where robust policies drive sustainable economic growth and social progress.

The lessons drawn from these exercises are not only relevant for Pakistan but also hold universal applicability for nations seeking to bridge gaps in policy design, implementation, and facilitation. The NSPP's Policy Simulation Exercise sets a precedent for how structured, collaborative efforts can generate innovative solutions to complex developmental challenges, making it a cornerstone for future policy reforms.

This report in your hands addresses only the first topic: Bridging Gaps in Labour Policies, Regulations, and Welfare Practices: Implications for Industrial Development and Social Protection in Pakistan. The remaining topics have been analyzed and documented in separate reports, crafted individually to provide in-depth insights and actionable recommendations specific to each area.

It is hoped that this document will serve as a significant milestone in the design, implementation, and facilitation of policies, paving the way for broader economic and industrial transformation in Pakistan, انشاء الله .

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## Executive Summary

Non-compliance with labor laws and government-mandated minimum wage standards remains a significant issue in many countries, including Pakistan. Despite legal frameworks that outline minimum wage and worker protections, factories, shops, industries, hotels, and even domestic workers often do not receive their fair share of wages or benefits. This widespread disregard for labor rights leads to severe exploitation, economic inequality, and the violation of human rights.

In Pakistan, workers in the informal sector, such as domestic workers, street vendors, and agricultural laborers, often lack legal protection. Many are employed without contracts or written agreements, making it easier for employers to evade their responsibilities, including the payment of minimum wages, social security benefits, and pension plans. Furthermore, even within formal industries, wages that appear on official documents may differ from the actual wages paid, leading to the exploitation of workers who have no legal recourse.

The situation is particularly dire for security guards in Pakistan. These workers are often paid less than the government-mandated minimum wage and are subjected to grueling 12-hour shifts, with no overtime or compensatory benefits. This sector's exploitation highlights the flaws in the enforcement of labor laws and the urgent need for more robust systems of accountability. These workers are often undocumented, making it difficult for them to claim their rights, and in many cases, they are forced to accept lower wages than the law requires out of fear of losing their jobs.

The impact of these violations is not limited to Pakistan. Around the world, non-compliance with minimum wage laws and poor working conditions create similar challenges. For example, in countries like Japan, South Korea, Canada, and the United States, minimum wage laws are strictly enforced, and violations carry significant legal consequences. These countries have established comprehensive legal frameworks that ensure workers' rights are protected. Employers who fail to comply with minimum wage laws face severe penalties, including fines and imprisonment.

In Japan, for instance, the government has put in place the Minimum Wage Law, which sets wage standards based on regions and industries. Any violation of this law is treated as a criminal offense, and employers who fail to comply are subject to heavy fines. Similarly, in South Korea, the government has instituted a system of monitoring and reporting wage violations, with penalties for non-compliant employers. Canada and the U.S. have also implemented detailed legal structures that ensure compliance with labor laws, and violations are met with serious consequences, including lawsuits, fines, and public shaming. The judicial systems in these countries are highly sensitive to labor rights, and courts often rule in favor of workers against both large and small businesses.

For example, in 2019, the U.S. Department of Labor investigated a major fast-food chain for wage violations, resulting in the company being forced to pay over \$1 million

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in back wages to workers who had not been paid the federal minimum wage. In Japan, a prominent clothing manufacturer was fined for failing to meet the minimum wage standards for its factory workers, and the company faced public backlash for exploiting its workers.

These countries demonstrate that when governments take labor law violations seriously, there are tangible improvements in workers' rights, income security, and overall economic stability. Workers in these countries benefit from comprehensive health insurance, pensions, and other benefits that ensure their financial security and quality of life.

In contrast, in Pakistan and other developing nations, the lack of enforcement and accountability results in an environment ripe for exploitation. Without proper oversight, workers remain vulnerable to wage theft, unsafe working conditions, and the denial of basic human rights. This undermines not only the well-being of workers but also the broader economy, as low wages and poor working conditions contribute to poverty, inequality, and social unrest.

It is essential for Pakistan to adopt a more rigorous approach to enforcing labor laws, ensuring that all workers, regardless of their industry or sector, are paid a fair wage, have access to social protections, and work in safe and healthy environments. The consequences of failing to do so are far-reaching, affecting not only the individual workers but also the country's economic development and social cohesion.

In conclusion, the non-compliance with labor laws and the failure to pay minimum wages is a serious violation of human rights and has significant economic and legal consequences. Countries like Japan, South Korea, Canada, and the U.S. serve as examples of how strict enforcement of labor laws can lead to better outcomes for both workers and the economy. Pakistan must take heed of these examples and implement stronger measures to protect its workers, ensuring that their basic rights are respected and upheld. The exploitation of workers, particularly in the informal and underregulated sectors, must be addressed to foster a more equitable and just society.

### **Recommendations for Strengthening Pakistan's Labour Framework**

These recommendations aim to address systemic gaps in Pakistan's labour policies, regulations, and welfare systems. By focusing on legal reforms, institutional capacity, and inclusivity, the proposed measures seek to promote equitable industrial growth, enhance social protection, and incorporate global best practices.

#### **Policy and Actionable Recommendations:**

To address the significant issue of non-compliance with labor laws and minimum wage standards in Pakistan, a comprehensive approach involving legal, institutional, and societal reforms is essential. Drawing from international best practices, the following

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policy and actionable recommendations are proposed to ensure the protection of workers' rights, improve enforcement, and tackle exploitation across various sectors:

### 1. Strengthening Legal Frameworks and Enforcement

- **Policy Recommendation:** Review and revise the existing labor laws to ensure they are comprehensive and adaptable to changing economic conditions, including the informal sector. Laws should explicitly cover all workers, including domestic workers, street vendors, and those in informal or part-time employment.
- **Actionable Steps:**
  - Establish a national task force to review labor laws and propose necessary updates, ensuring they include provisions for the gig economy and informal workers.
  - Ensure that penalties for non-compliance with minimum wage laws and worker protections are severe and consistently enforced.
  - Require employers to maintain accurate, accessible wage records and submit regular audits to a regulatory body to ensure compliance.
  - Establish dedicated labor law enforcement units within the police and labor departments to specifically investigate and act on violations.
  - Create a centralized system for reporting wage violations, allowing workers to file complaints anonymously without fear of retaliation.
- **Example:** In South Korea, the government created a specialized labor inspection agency that conducts routine inspections and responds to worker complaints swiftly. The agency has significantly reduced violations of labor laws through proactive engagement and enforcement.

### 2. Comprehensive Monitoring and Documentation

- **Policy Recommendation:** Implement a robust system for monitoring labor conditions in both formal and informal sectors, ensuring proper documentation of wages and working conditions.
- **Actionable Steps:**
  - Introduce a national electronic database for wage records, where all employers must register their employees and update salary details regularly.
  - Mandate that all businesses, including small enterprises and domestic employers, provide a written contract for each worker outlining pay, hours, benefits, and job responsibilities.
  - Create a public, accessible platform where workers can view and compare industry-standard wages to empower them to advocate for themselves.
  - Establish a complaint redressal mechanism where workers can report discrepancies in wages, hours, or benefits, and ensure that these reports are treated as confidential and legally binding.

- **Example:** In the United States, the Fair Labor Standards Act (FLSA) enforces detailed wage documentation and transparent reporting, and businesses must provide clear wage records to both workers and authorities. This transparency has empowered workers to ensure they are paid fairly.

### 3. Protection of Vulnerable Workers in the Informal Sector

- **Policy Recommendation:** Extend labor protections, including minimum wage, social security, and pension rights, to workers in the informal sector, such as domestic workers, street vendors, and agricultural laborers.
- **Actionable Steps:**
  - Implement a national registration system for informal workers, allowing them to access social security, health insurance, and pension benefits.
  - Launch an awareness campaign to educate informal workers about their rights and available support mechanisms.
  - Develop partnerships with NGOs and community organizations to help inform and assist informal workers in registering for benefits and filing complaints.
- **Example:** In Argentina, domestic workers were granted formal labor protections, including access to minimum wage, paid vacation, and social security, following a significant policy shift that recognized their labor rights and included them in the formal economy.

### 4. Regulation and Standardization of Working Hours and Conditions

- **Policy Recommendation:** Enforce strict regulations on working hours, overtime pay, and working conditions, especially in sectors like security services, hospitality, and manufacturing, where violations are rampant.
- **Actionable Steps:**
  - Enforce limits on working hours, ensuring no worker is required to work beyond a 48-hour week without proper compensation.
  - Introduce penalties for employers who force workers to work overtime without compensation or force workers to work under unsafe conditions.
  - Implement mandatory safety standards and health regulations in workplaces, particularly in sectors such as construction, security, and agriculture.
  - Require all employers to provide access to rest breaks, health and safety equipment, and safe working environments, particularly in industries with physically demanding tasks.
- **Example:** In Japan, the government enforces strict labor laws that regulate working hours and overtime. Companies that violate these laws face hefty fines and public reputations that are closely monitored by the media.

### 5. Strengthening the Social Protection System

- **Policy Recommendation:** Reform Pakistan's social protection system to include all workers, particularly those in the informal and under-



regulated sectors, ensuring access to healthcare, pensions, and unemployment benefits.

- **Actionable Steps:**
  - Establish a universal social security system that is not contingent upon formal employment status, enabling informal workers to benefit from pensions, health insurance, and unemployment benefits.
  - Expand and improve the Employee Old-Age Benefit Institution (EOBI) and Workers Welfare Fund to ensure better coverage and access for all workers, regardless of sector.
  - Create a basic income guarantee for workers in highly precarious jobs, such as domestic workers or seasonal agricultural workers, to provide financial stability in times of hardship.
- **Example:** In Canada, the government provides universal healthcare and pensions to all residents, including informal workers. Similarly, the United Kingdom has introduced universal social security schemes that protect all workers, regardless of employment status, in times of illness, retirement, or unemployment.

## 6. Public Awareness Campaign and Worker Empowerment

- **Policy Recommendation:** Launch a comprehensive public awareness campaign to inform workers of their rights, the importance of labor law compliance, and how they can hold employers accountable.
- **Actionable Steps:**
  - Use media, social media, and community programs to educate workers on their legal rights and available resources for reporting violations.
  - Establish labor rights education programs in schools and vocational training centers to instill a strong sense of worker advocacy among future generations.
  - Empower labor unions and worker organizations to become more active in advocating for better labor conditions and providing legal support for workers facing exploitation.
- **Example:** In the Philippines, public awareness campaigns have helped increase the reporting of labor violations, and unions play a key role in negotiating improved wages and conditions for workers in sectors like retail, construction, and domestic work.

## 7. Private Sector Accountability and Corporate Social Responsibility (CSR)

- **Policy Recommendation:** Promote corporate social responsibility (CSR) and make businesses accountable for their labor practices by encouraging transparency and ethical labor standards.
- **Actionable Steps:**
  - Introduce mandatory reporting requirements for large businesses on their labor practices, including wage structures, working conditions, and the number of workers in informal sectors.

- Encourage businesses to adopt CSR initiatives that include fair wage policies, employee welfare programs, and transparency in labor practices.
  - Promote partnerships with international organizations and global supply chains to ensure that businesses align with global labor standards and fair trade practices.
  - **Example:** In the European Union, the introduction of the EU Directive on Non-Financial Reporting requires large companies to disclose their labor practices, including worker conditions and fair wage policies, as part of their annual reports.
8. **Establish the Pakistan Labour Information Management System (PLIMS)**
- To ensure the equitable implementation of labour policies across Pakistan, PLIMS should be established, modeled after the Benazir Income Support Program (BISP). This centralized database will link stakeholders such as federal and provincial ministries, Workers' Welfare Fund, and social security institutions. It will provide an interactive platform for employers, unions, and international organizations to access laws, report issues, and align with ILO conventions.
9. **Legal and Policy Reforms**
- **Develop a Unified National Labour Policy:** Harmonize provincial labour laws and align them with international standards post-18th Amendment.
  - **Revise Outdated Laws:** Update the Factories Act (1934) and related legislation to address modern challenges, including gig work and occupational safety.
  - **Extend Coverage to the Informal Sector:** Amend laws to include informal workers in social protection schemes such as healthcare and pensions.
10. **Institutional Capacity Building**
- **Enhance Provincial Labour Departments:** Provide adequate funding, training, and digital tools to improve labour inspections and law enforcement.
  - **Strengthen the Workers Welfare Fund (WWF):** Implement regular audits and grievance redressal mechanisms for transparency and better fund utilization.
  - **Support Provincial Workers Welfare Boards (PWWBs):** Provide technical and financial support to underdeveloped regions like Balochistan.
11. **Formalizing the Informal Sector**
- **Introduce Incentives for Formalization:** Create programs offering tax benefits and financial support to small businesses that formalize their workforce.
  - **Digital Worker Registration:** Develop a centralized platform for registering informal workers and ensuring access to social protection schemes.
12. **Promote Gender Equality and Social Inclusion**
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- **Gender-Specific Welfare Initiatives:** Introduce maternity benefits, workplace accommodations, and childcare support for female workers.
- **Address Child Labour:** Strengthen enforcement of child labour laws and provide alternative education and vocational training.
- **Empower Marginalized Groups:** Ensure equitable representation of women, minorities, and informal workers in unions and tripartite decision-making bodies.

### 13. Strengthening Enforcement Mechanisms

- **Reform Labour Inspections:** Increase inspection frequency, supported by trained personnel and digital tools.
- **Enforce Minimum Wage Compliance:** Regularly review and adjust minimum wages in line with inflation and cost of living.
- **Combat Bonded Labour:** Strengthen enforcement of the Bonded Labour System (Abolition) Act (1992), using targeted inspections and rehabilitation programs.

### 14. Enhance Workplace Safety

- **Adopt Comprehensive Safety Standards:** Enforce rigorous workplace safety regulations aligned with international practices.
- **Regular Safety Audits:** Mandate periodic audits, especially in high-risk industries like mining and garment manufacturing.

### 15. Expand Social Protection Coverage

- **Expand EOBI Coverage:** Simplify registration processes and incentivize employers to enroll workers in the Employees Old-Age Benefits Institution.
- **Universal Social Protection Framework:** Develop frameworks for universal social protection, including healthcare, pensions, and housing, for all workers, especially in rural and informal sectors.

### 16. Encourage Unionization and Collective Bargaining

- **Simplify Union Registration:** Reduce bureaucratic hurdles and protect against employer retaliation to promote union formation.
- **Empower Trade Unions:** Strengthen union participation in policymaking and enhance their capacity to advocate for workers' rights.

### 17. Technological Integration

- **Leverage Technology for Transparency:** Implement digital platforms for fund disbursement, compliance monitoring, and grievance redressal.
- **Real-Time Data Collection:** Develop a labour market information system to monitor trends and inform policy decisions.

### 18. Adopt Global Best Practices

- **Skill Development Programs:** Partner with industries to introduce vocational training and dual education systems similar to Germany's model.
- **Progressive Wage Policies:** Create a Fair Wage Commission to periodically adjust wages based on economic conditions, following international models.

- **Anti-Discrimination Legislation:** Implement hiring and workplace equality measures akin to Canada's Equal Employment Opportunity framework.

#### 19. Stakeholder Engagement and Public Awareness

- **Promote Tripartite Collaboration:** Enhance engagement among government, employers, and labour unions to address systemic issues and foster collective solutions.
- **Public Awareness Campaigns:** Educate workers about their rights and employers about their responsibilities, focusing on informal and marginalized workers.

#### 20. Economic Incentives for Compliance

- **Tax Breaks for Compliant Employers:** Offer financial incentives for employers who adhere to labour laws and provide social protections.
- **Subsidized Welfare Contributions:** Provide subsidies for welfare contributions to encourage the inclusion of informal workers.

#### 21. Case Scenario-Based Implementation

- **Train Law Enforcement on Bonded Labour Laws:** Provide specialized training for law enforcement and judiciary on bonded labour laws and human rights frameworks.
- **Expedited Trial Forums:** Establish dedicated forums for swift legal proceedings in bonded labour cases.
- **Awareness Campaigns for Bonded Labour Workers:** Launch awareness programs to educate workers about their rights under the Bonded Labour System (Abolition) Act (1992).

By implementing these policy recommendations and actionable steps, Pakistan can significantly improve the labor rights of its workers, ensure compliance with minimum wage laws, and reduce exploitation across all sectors. Drawing inspiration from the labor law frameworks of countries such as Japan, South Korea, the U.S., and Canada, Pakistan has the potential to create a fairer, more equitable labor market where all workers, regardless of their employment sector, are protected, compensated fairly, and afforded a decent standard of living. These changes will not only benefit workers but also contribute to Pakistan's broader economic growth, social cohesion, and human development.

## 1. INTRODUCTION

Labour rights and industrial development are pivotal for the socio-economic progress of nations, serving as key indicators of equity and justice in society. Pakistan's Constitution provides a robust legal framework to safeguard labour rights, enshrined in Articles 11, 17, 18, 25, 37(c), 37(e), 38(b), 38(c), and 38(d). These provisions prohibit forced labour and child labour, guarantee freedom of association, promote gender equality, and ensure just and humane working conditions (Pakistan, 1973). However, despite these protections, challenges persist in implementing effective labour-related policies, regulations, and welfare programs.

Pakistan's legislative framework encompasses several critical statutes designed to protect workers' rights. The Industrial Relations Act, 2012, governs the formation of trade unions and outlines collective bargaining processes, ensuring workers can negotiate terms of employment collectively. The Minimum Wages Ordinance, 1961, establishes minimum wage standards to ensure fair compensation for workers; as of 2024, the proposed minimum wage is PKR 37,000 per month (Punjab, 2024). The Payment of Wages Act, 1936, ensures timely and full payment of wages to employees, preventing unauthorized deductions. The Factories Act, 1934, prescribes health and safety standards in workplaces, regulating working hours, sanitation, and safety measures to protect workers. The Employees' Old-Age Benefits Act, 1976, provides pensions and other benefits to retired workers, ensuring post-retirement financial security. The West Pakistan Maternity Benefit Ordinance, 1958, grants maternity leave and benefits to female workers, promoting gender equality in the workplace. Additionally, the Bonded Labour System (Abolition) Act, 1992, explicitly outlaws bonded labour, aligning with constitutional mandates against forced labour.

Following the 18th Constitutional Amendment, labour matters were devolved to the provinces, leading to province-specific policies. The cited constitutional amendment, caused devolution of subjects to the provinces, including entry No.26 of the Concurrent List, which related to the welfare of labour, condition of labour, provident fund,

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employer liability, works men compensation and health insurance including old age pensions.

Pakistan has ratified 36 International Labour Organization (ILO) conventions, including eight fundamental conventions. Notable among these are Convention No. 87 (Freedom of Association and Protection of the Right to Organize), which protects workers' rights to form and join trade unions, and Convention No. 98 (Right to Organize and Collective Bargaining), which ensures the right to collective bargaining. Convention No. 29 (Forced Labour Convention) and Convention No. 105 (Abolition of Forced Labour) commit to eliminating all forms of forced labour. Additionally, Convention No. 138 (Minimum Age Convention) and Convention No. 182 (Worst Forms of Child Labour Convention) aim to eradicate child labour, particularly in hazardous conditions. Out of 36 conventions only 30 of these conventions are actively implemented in Pakistan, whereas the remaining 6 have been abrogated. Additionally, there are still 154 conventions that Pakistan has not yet ratified, highlighting a significant gap in the country's labour standards and commitments to international guidelines (Organization, n.d.).

The labour ecosystem in Pakistan encompasses a diverse range of stakeholders. The Federal and Provincial Governments hold the responsibility of legislating and enforcing labour laws, conducting inspections, and ensuring compliance with established regulations. Labour unions play a crucial role in advocating for workers' rights, participating in collective bargaining, and striving to enhance working conditions. The Employers' Federation of Pakistan represents the interests of employers, promoting equitable labour practices and compliance with legal standards. International organizations, such as the International Labour Organization (ILO), offer guidance, establish international labour standards, and assist in policy formulation. Additionally, institutions like the Employees' Old-Age Benefits Institution (EOBI) manage pensions and old-age benefits for eligible workers, while Provincial Workers Welfare Boards (PWWBs) and Employees Social Security Institution (ESSI) implement welfare initiatives that encompass housing, education, and healthcare for the workforce.

Despite comprehensive legal frameworks, several challenges persist. Approximately **72%** of the labour force is employed in the informal sector, lacking formal social

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protections (Pakistan Lawyer, 2024). An estimated **3.3 million** children are engaged in labour (UNICEF, n.d.). Female labour force participation remains low, with only **21.5%** participation, highlighting significant gender disparities (Lawyer, 2024). Weak enforcement mechanisms lead to violations of labour laws, with many workers not receiving minimum wages or working under unsafe conditions (SideKick, 2024).

#### Situational Analysis

Labour welfare in Pakistan operates within a dual framework comprising federal and provincial systems. The Workers Welfare Fund (WWF) at the federal level and various provincial Workers Welfare Boards are tasked with ensuring social protection for labours. Despite legal frameworks and Pakistan's commitment to international labour standards, significant gaps in enforcement, coverage, and inclusivity persist. This situational analysis examines the capacity, preparedness, and performance of these institutions, integrating real-life practices, international conventions, and statistical insights.

In order to incorporate stance of the key stakeholders in this study, efforts were made to establish contact with few randomly selected employers/industrialists. It was noted with concern that the reluctance displayed by the employers/industrialists in sharing factual stance could have some underlying reasons, which may also include the industrialists being hand-in-glove with the Government institutions to violate the laws, rules and regulations. As far as the labours are concerned, their side of the story has been narrated in clear words by multiple private organizations and has been duly incorporated in this study at later stages of the Situational Analysis.

To gain insight into the current situation, a visit was made to the Khyber Pakhtunkhwa Employees Social Security Institute. Although the limited availability of documented and verifiable data prevented its complete incorporation into this study, an astonishing fact emerged during the visit. While looking for winks and twitches, it turned out that the very department responsible for ensuring social security for the public is paying its own Security Personnel a meager monthly salary of PKR 21,000 per person.

## Informal vs. Formal Labour

Pakistan's labour market is predominantly informal, creating challenges in extending comprehensive social protections. The **Informal Sector** constitutes 72.5% of non-agricultural jobs, with rural areas exhibiting higher informal employment (76.2%) compared to urban areas (68.5%). Women disproportionately occupy informal roles, particularly in home-based and low-wage jobs, reflecting systemic gender inequities. Whereas, the **formal Sector** represents only 27.5% of the workforce. Workers in this sector benefit from limited social protections, such as pensions (8%) and medical support (9%), though these benefits remain inaccessible to most labours (Statistics, 2022).

## Sectoral Employment Distribution

With regards to the **Sectoral Employment Distribution**, **Agriculture** employs 38% of the labour force, predominantly informal. Women constitute a significant proportion (67.9%) of rural agricultural workers but lack formal protections due to agriculture's exclusion from labour laws. **Industry and Services** sectors employ 62% of the workforce and are critical to economic growth. However, informal employment dominates, limiting the reach of labour protections (Statistics, 2022).

## Labour Unions

Article 17 of the **Constitution of Pakistan** enshrines the right to association as a fundamental freedom; however, this right remains largely ineffective in practice. Current statistics indicate that a meager 1-3% of the labour force is unionized, a figure based on recent ILO mappings that document around 1.4 million workers participating in 7,096 unions. The road to successful unionization faces numerous obstacles, particularly in industrial sectors that have been exempt from the Industrial Relations Act since 1969. Legal and bureaucratic complexities hinder the formation of unions, especially when employers actively resist such movements, often establishing 'pocket unions' aimed at undermining authentic representation (Fund, n.d.).

The situation is further complicated by legal exclusions, as certain industrial sectors remain outside the purview of laws that facilitate unionization. The intricate legal requirements present significant barriers for establishing unions, even within sectors

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that could otherwise benefit from collective representation. Furthermore, employers' practices often involve the active suppression of legitimate unionization efforts, as many industrialists comply only superficially with the demands of global buyers, failing to genuinely promote the rights of workers. Union structures themselves face significant weaknesses; they tend to be concentrated in limited industrial pockets and within public sectors, while the burgeoning service sector is largely neglected. Contractual employees frequently find themselves excluded from union activities, and unions have struggled to modernize and adapt to contemporary workplace dynamics. Additionally, the representation of women and young workers within unions remains inadequate, with a noticeable absence of female leadership (Fund, n.d.).

The struggle for labour rights in Pakistan is also deeply intertwined with political dynamics, where a considerable imbalance of power exists. Corporations often wield significant influence, prioritizing profit over the welfare of workers. The weak enforcement mechanisms of the state further aggravate the vulnerability of workers, allowing exploitation to thrive. Despite an uptick in female participation in the labour market, women face considerable barriers to union membership and leadership positions. The trade union leadership landscape is largely dominated by individuals rooted in the 1970s, with a concerning lack of initiatives aimed at engaging and nurturing the next generation of leaders. The ramifications of low unionization rates are profound: they result in significantly weakened bargaining power for workers, absence of adequate representation in policymaking processes, and fragmentation among the limited number of existing unions, which are often split along political, ethnic, and religious lines. This convergence of factors undermines the collective strength needed to advocate for better labour conditions and rights in Pakistan (Stiftung, 2022).

### Critical Situation of Labor Law violations and exploitation

The non-compliance with labor laws and government-mandated minimum wage standards remains a significant issue in many countries, including Pakistan. Despite legal frameworks that outline minimum wage and worker protections, factories, shops, industries, hotels, and even domestic workers often do not receive their fair share of wages or benefits. This widespread disregard for labor rights leads to severe exploitation, economic inequality, and the violation of human rights.

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In Pakistan, for instance, workers in the informal sector, such as domestic workers, street vendors, and agricultural laborers, often do not have any legal protection. Many are employed without contracts or written agreements, making it easier for employers to evade their responsibilities, including the payment of minimum wages, social security benefits, and pension plans. Furthermore, even within formal industries, wages that appear on official documents may differ from the actual wages paid, leading to the exploitation of workers who have no legal recourse.

The situation is particularly dire for security guards in Pakistan. These workers are often paid less than the government-mandated minimum wage and are subjected to grueling 12-hour shifts, with no overtime or compensatory benefits. This sector's exploitation highlights the flaws in the enforcement of labor laws and the urgent need for more robust systems of accountability. These workers are often undocumented, making it difficult for them to claim their rights, and in many cases, they are forced to accept lower wages than the law requires out of fear of losing their jobs.

The impact of these violations is not limited to Pakistan. Around the world, non-compliance with minimum wage laws and poor working conditions create similar challenges. For example, in countries like Japan, South Korea, Canada, and the United States, minimum wage laws are strictly enforced, and violations carry significant legal consequences. These countries have established comprehensive legal frameworks that ensure workers' rights are protected. Employers who fail to comply with minimum wage laws face severe penalties, including fines and imprisonment.

In Japan, for instance, the government has put in place the Minimum Wage Law, which sets wage standards based on regions and industries. Any violation of this law is treated as a criminal offense, and employers who fail to comply are subject to heavy fines. Similarly, in South Korea, the government has instituted a system of monitoring and reporting wage violations, with penalties for non-compliant employers. Canada and the U.S. have also implemented detailed legal structures that ensure compliance with labor laws, and violations are met with serious consequences, including lawsuits, fines, and public shaming. The judicial systems in these countries are highly sensitive to labor rights, and courts often rule in favor of workers against both large and small businesses.

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For example, in 2019, the U.S. Department of Labor investigated a major fast-food chain for wage violations, resulting in the company being forced to pay over \$1 million in back wages to workers who had not been paid the federal minimum wage. In Japan, a prominent clothing manufacturer was fined for failing to meet the minimum wage standards for its factory workers, and the company faced public backlash for exploiting its workers.

These countries demonstrate that when governments take labor law violations seriously, there are tangible improvements in workers' rights, income security, and overall economic stability. Workers in these countries benefit from comprehensive health insurance, pensions, and other benefits that ensure their financial security and quality of life.

In contrast, in Pakistan and other developing nations, the lack of enforcement and accountability results in an environment ripe for exploitation. Without proper oversight, workers remain vulnerable to wage theft, unsafe working conditions, and the denial of basic human rights. This undermines not only the well-being of workers but also the broader economy, as low wages and poor working conditions contribute to poverty, inequality, and social unrest.

It is essential for Pakistan to adopt a more rigorous approach to enforcing labor laws, ensuring that all workers, regardless of their industry or sector, are paid a fair wage, have access to social protections, and work in safe and healthy environments. The consequences of failing to do so are far-reaching, affecting not only the individual workers but also the country's economic development and social cohesion.

In conclusion, the non-compliance with labor laws and the failure to pay minimum wages is a serious violation of human rights and has significant economic and legal consequences. Countries like Japan, South Korea, Canada, and the U.S. serve as examples of how strict enforcement of labor laws can lead to better outcomes for both workers and the economy. Pakistan must take heed of these examples and implement stronger measures to protect its workers, ensuring that their basic rights are respected and upheld. The exploitation of workers, particularly in the informal and underregulated sectors, must be addressed to foster a more equitable and just society.

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Human Rights Watch research indicates rampant labour violations, such as forced overtime, denial of maternity leave, unjust terminations, and below-minimum wages. Women and children, particularly in smaller factories, are especially vulnerable. Many women work as home-based labours under exploitative conditions with little pay and no job security. The research also states that the garment industry in Pakistan employs millions of workers but is marked by significant labour abuses, including exploitation, poor working conditions, and violations of labour laws. Notable incidents like the 2017 Khaadi protests and the 2012 Ali Enterprises factory fire have highlighted these issues. The Khaadi protests began when 32 workers were fired for asserting their legal rights, citing unsanitary conditions, excessive hours, and inadequate wages. Meanwhile, the factory fire, which killed at least 255 workers, revealed serious safety compliance failures (Watch, n.d.).

Pakistan has made progress in labour rights by ratifying several International Labour Organization (ILO) Conventions, including all eight fundamental conventions aimed at protecting workers' rights. Notably, the Forced Labour Conventions (No. 29 and 105) work to eradicate forced labour, emphasizing freedom and dignity for all. The country also recognizes the importance of Freedom of Association and Collective Bargaining through Conventions No. 87 and 98, enabling workers to form unions and negotiate for better conditions. Additionally, Pakistan is committed to Equal Remuneration (Convention No. 100) and combating workplace discrimination (Convention No. 111). The ratification of the Minimum Age Convention (No. 138) and the Worst Forms of Child Labour Convention (No. 182) highlights its resolve to protect children from labour exploitation (Organization, n.d.). Despite these achievements, the persistence of above referred instances of labour abuse coupled with bonded labour undermines the principles of the cited conventions. It is of pertinence to note that ratification of ILO Conventions seems to be only compliant on paper with minimum real-life impact. The prevalence of bonded labour can be ascertained from the fact that an estimated over three million individuals are trapped in conditions akin to slavery. According to the Global Slavery Index, Pakistan ranks among the top six countries notorious for such labour bondage. Informal workers face limitations in accessing trade union rights,

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hindering their ability to advocate for improved working conditions and fair wages, which contributes to ongoing exploitation (Center, 2020).

### **Policy and Actionable Recommendations:**

To address the significant issue of non-compliance with labor laws and minimum wage standards in Pakistan, a comprehensive approach involving legal, institutional, and societal reforms is essential. Drawing from international best practices, the following policy and actionable recommendations are proposed to ensure the protection of workers' rights, improve enforcement, and tackle exploitation across various sectors:

#### **1. Strengthening Legal Frameworks and Enforcement**

- **Policy Recommendation:** Review and revise the existing labor laws to ensure they are comprehensive and adaptable to changing economic conditions, including the informal sector. Laws should explicitly cover all workers, including domestic workers, street vendors, and those in informal or part-time employment.
- **Actionable Steps:**
  - Establish a national task force to review labor laws and propose necessary updates, ensuring they include provisions for the gig economy and informal workers.
  - Ensure that penalties for non-compliance with minimum wage laws and worker protections are severe and consistently enforced.
  - Require employers to maintain accurate, accessible wage records and submit regular audits to a regulatory body to ensure compliance.
  - Establish dedicated labor law enforcement units within the police and labor departments to specifically investigate and act on violations.
  - Create a centralized system for reporting wage violations, allowing workers to file complaints anonymously without fear of retaliation.

**Example:** In South Korea, the government created a specialized labor inspection agency that conducts routine inspections and responds to worker complaints swiftly. The agency has significantly reduced violations of labor laws through proactive engagement and enforcement.

#### **2. Comprehensive Monitoring and Documentation**

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- **Policy Recommendation:** Implement a robust system for monitoring labor conditions in both formal and informal sectors, ensuring proper documentation of wages and working conditions.
- **Actionable Steps:**
  - Introduce a national electronic database for wage records, where all employers must register their employees and update salary details regularly.
  - Mandate that all businesses, including small enterprises and domestic employers, provide a written contract for each worker outlining pay, hours, benefits, and job responsibilities.
  - Create a public, accessible platform where workers can view and compare industry-standard wages to empower them to advocate for themselves.
  - Establish a complaint redressal mechanism where workers can report discrepancies in wages, hours, or benefits, and ensure that these reports are treated as confidential and legally binding.

**Example:** In the United States, the Fair Labor Standards Act (FLSA) enforces detailed wage documentation and transparent reporting, and businesses must provide clear wage records to both workers and authorities. This transparency has empowered workers to ensure they are paid fairly.

### 3. Protection of Vulnerable Workers in the Informal Sector

- **Policy Recommendation:** Extend labor protections, including minimum wage, social security, and pension rights, to workers in the informal sector, such as domestic workers, street vendors, and agricultural laborers.
- **Actionable Steps:**
  - Implement a national registration system for informal workers, allowing them to access social security, health insurance, and pension benefits.
  - Launch an awareness campaign to educate informal workers about their rights and available support mechanisms.
  - Develop partnerships with NGOs and community organizations to help inform and assist informal workers in registering for benefits and filing complaints.

**Example:** In Argentina, domestic workers were granted formal labor protections, including access to minimum wage, paid vacation, and social security, following a significant policy shift that recognized their labor rights and included them in the formal economy.

### 4. Regulation and Standardization of Working Hours and Conditions

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- **Policy Recommendation:** Enforce strict regulations on working hours, overtime pay, and working conditions, especially in sectors like security services, hospitality, and manufacturing, where violations are rampant.
- **Actionable Steps:**
  - Enforce limits on working hours, ensuring no worker is required to work beyond a 48-hour week without proper compensation.
  - Introduce penalties for employers who force workers to work overtime without compensation or force workers to work under unsafe conditions.
  - Implement mandatory safety standards and health regulations in workplaces, particularly in sectors such as construction, security, and agriculture.
  - Require all employers to provide access to rest breaks, health and safety equipment, and safe working environments, particularly in industries with physically demanding tasks.

**Example:** In Japan, the government enforces strict labor laws that regulate working hours and overtime. Companies that violate these laws face hefty fines and public reputations that are closely monitored by the media.

## 5. Strengthening the Social Protection System

- **Policy Recommendation:** Reform Pakistan's social protection system to include all workers, particularly those in the informal and under-regulated sectors, ensuring access to healthcare, pensions, and unemployment benefits.
- **Actionable Steps:**
  - Establish a universal social security system that is not contingent upon formal employment status, enabling informal workers to benefit from pensions, health insurance, and unemployment benefits.
  - Expand and improve the Employee Old-Age Benefit Institution (EOBI) and Workers Welfare Fund to ensure better coverage and access for all workers, regardless of sector.
  - Create a basic income guarantee for workers in highly precarious jobs, such as domestic workers or seasonal agricultural workers, to provide financial stability in times of hardship.

**Example:** In Canada, the government provides universal healthcare and pensions to all residents, including informal workers. Similarly, the United Kingdom has introduced universal social security schemes that protect all workers, regardless of employment status, in times of illness, retirement, or unemployment.

## 6. Public Awareness Campaign and Worker Empowerment

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- **Policy Recommendation:** Launch a comprehensive public awareness campaign to inform workers of their rights, the importance of labor law compliance, and how they can hold employers accountable.
- **Actionable Steps:**
  - Use media, social media, and community programs to educate workers on their legal rights and available resources for reporting violations.
  - Establish labor rights education programs in schools and vocational training centers to instill a strong sense of worker advocacy among future generations.
  - Empower labor unions and worker organizations to become more active in advocating for better labor conditions and providing legal support for workers facing exploitation.

**Example:** In the Philippines, public awareness campaigns have helped increase the reporting of labor violations, and unions play a key role in negotiating improved wages and conditions for workers in sectors like retail, construction, and domestic work.

## 7. Private Sector Accountability and Corporate Social Responsibility (CSR)

- **Policy Recommendation:** Promote corporate social responsibility (CSR) and make businesses accountable for their labor practices by encouraging transparency and ethical labor standards.
- **Actionable Steps:**
  - Introduce mandatory reporting requirements for large businesses on their labor practices, including wage structures, working conditions, and the number of workers in informal sectors.
  - Encourage businesses to adopt CSR initiatives that include fair wage policies, employee welfare programs, and transparency in labor practices.
  - Promote partnerships with international organizations and global supply chains to ensure that businesses align with global labor standards and fair trade practices.

**Example:** In the European Union, the introduction of the EU Directive on Non-Financial Reporting requires large companies to disclose their labor practices, including worker conditions and fair wage policies, as part of their annual reports.

By implementing these policy recommendations and actionable steps, Pakistan can significantly improve the labor rights of its workers, ensure compliance with minimum wage laws, and reduce exploitation across all sectors. Drawing inspiration from the labor law frameworks of countries such as Japan, South Korea, the U.S., and Canada,

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Pakistan has the potential to create a fairer, more equitable labor market where all workers, regardless of their employment sector, are protected, compensated fairly, and afforded a decent standard of living. These changes will not only benefit workers but also contribute to Pakistan's broader economic growth, social cohesion, and human rights protection.

### 6.1.5 International Labour Organization's Decent Work Country Program (Pakistan)

The **Decent Work Country Programme (DWCP)** for Pakistan (2023–2027), developed by the International Labour Organization (ILO), is a strategic framework aimed at addressing the country's labour market challenges and promoting sustainable development. It has been designed in collaboration with tripartite partners, including the Ministry of Overseas Pakistanis and Human Resource Development, employer and worker organizations, and provincial stakeholders. The program's overarching goal is to enhance access to decent and productive work for all men and women in Pakistan while addressing systemic issues in the labour market.

The DWCP focuses on four key priorities to achieve its goals. First, it seeks to integrate decent work into Pakistan's economic recovery and development policies. This includes formulating job-rich, equitable, and environmentally sustainable economic strategies that are gender- and disability-responsive. Second, the program emphasizes the importance of developing universal social protection frameworks, aligning with international labour standards to extend coverage to vulnerable populations. Third, it aims to strengthen labour standards and rights by fostering harmonious industrial relations and addressing issues such as non-payment of wages, excessive working hours, and workplace discrimination. The DWCP prioritizes ensuring safe and inclusive workplaces by improving occupational safety and health (OSH) measures and promoting environments free from violence and harassment.

The DWCP responds to significant challenges in Pakistan's labour market. Over 72% of the workforce operates in the informal economy, characterized by poor working conditions and limited access to social protections. Social protection coverage remains alarmingly low, with only 9.2% of the population covered. Gender inequality is another pressing issue, with women's labour force participation at just 21.4% compared to 67.9% for men, and a substantial gender pay gap. Child labour affects 8.23% of children aged 10–14, while more than 3 million people are trapped in forced labour. Furthermore, occupational safety remains a critical concern, as

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2.7% of workers experience accidents annually, and nearly one-third of youth are disengaged from education, employment, or training.

By 2027, the DWCP envisions several transformative outcomes. These include inclusive economic growth driven by broad-based and green policies, expanded social protection coverage through strengthened frameworks, enhanced access to fundamental labour rights, and safer workplaces characterized by improved OSH measures and harassment-free environments. Gender equality and inclusivity remain central to these efforts, ensuring that no one is left behind.

Aligned with Pakistan Vision 2025, the United Nations Sustainable Development Cooperation Framework (2023–2027), and the Sustainable Development Goals (SDGs), the DWCP contributes to both national and global frameworks. It also reflects ILO's global commitments, including the Centenary Declaration and the Global Call for a Human - Centered Recovery from COVID-19. The programme's cross-cutting themes include gender equality, social dialogue, and tripartism, emphasizing collaborative efforts to achieve sustainable socio-economic development.

#### 6.1.6 Capacity, Preparedness and Performance of Workers' Welfare Fund & Boards

The above cited circumstances demand a thorough evaluation of the Workers' Welfare Fund and the provincial Workers' Welfare Boards to assess their capacity, preparedness, and effectiveness in upholding and protecting workers' rights in Pakistan. Labour welfare in Pakistan operates within a dual framework comprising federal and provincial systems. The Workers Welfare Fund (WWF) at the federal level and various Provincial Workers Welfare Fund Boards (PWWBs) are tasked with ensuring social protection for labours.

The WWF was established under the Workers Welfare Fund Ordinance, 1971, to provide housing, education, and welfare services for industrial workers. It operates under a tripartite Governing Body representing federal and provincial governments, employers, and workers. Financial resources are derived from employer contributions and investment income (WWF, n.d.). While the financial resources of WWF have grown significantly from Rs. 14 billion in 2021-2022 to Rs. 50 billion in 2022-2023, the WWF's ability to address the needs of informal workers, who constitute 72.5% of the labour market, remains severely limited. The existing legal framework restricts benefits to formal sector workers, leaving a vast majority of labourers

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without access to critical social protections. The WWF has made strides in addressing backlogs related to marriage and death grants, scholarships, and financial aid. New welfare initiatives, such as the provision of ambulances and community centres, indicate some level of innovation and responsiveness (Department, 2023). However, these measures primarily benefit formal sector workers. The lack of outreach programs to informal labour, particularly women and rural workers, highlights a significant shortfall in performance. Furthermore, the fund's governance structure, while inclusive on paper, lacks mechanisms to ensure accountability and transparency in its operations.

Provincial Workers Welfare Boards (PWWBs) are mandated to implement welfare measures such as housing, education, and training for workers and their families. These boards operate under provincial governments but face significant resource and capacity constraints. For instance, the Khyber Pakhtunkhwa Workers Welfare Board has invested in housing projects, such as the inauguration of 2,056 residential flats in 2021 (KP, n.d.). However, the ability of PWWBs to cater to the informal sector, including agricultural and home-based workers, remains minimum. The performance of PWWBs varies widely across provinces. In Punjab and Sindh, the boards have initiated housing and educational projects, but implementation gaps persist due to bureaucratic inefficiencies and inadequate funding. Rural areas, where informal employment is dominant (76.2%), receive limited attention, and the boards' focus remain skewed toward industrial pockets. Furthermore, the exclusion of contractual and home-based workers undermines the inclusivity of provincial welfare programs.

## 6.2 Micro Level Analysis

While macro-level analysis of labour-related laws, rules and policies are undeniably significant, it is at the micro level that the true impact of their failures becomes most evident. Individual occurrences or accidents, often lost to the public's memory, paint a vivid picture of the consequences of inadequate laws, policies, and governance. These incidents, though fleeting in public discourse, leave a permanent mark on the lives of those directly affected, while Pakistan as a whole bears the loss in terms of human capital and workforce through casualties and injuries, often leaving victims paralyzed for life. Such events not only devastate individuals and families but also hinder the country's socioeconomic progress. Therefore, it is imperative to conduct a micro-level analysis encompassing major industrial sectors and provinces to present a clear and comprehensive picture of the systemic gaps and their widespread implications.

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Tabulated below are the micro-level analysis of the accidents across various industries in Pakistan, which present a gloomy state of affairs of the country’s governance failure in the realm of labour related laws, rules, policies and practices:

City & Industry	Year	Brief of Incident	Detailed Violation of Labour Laws	Casualties	Reference
Lahore (Sundar Industrial Estate)	2015	Factory collapsed, trapping workers inside.	Poor construction quality and absence of labour safety inspections. Failure to enforce the Factories Act, 1934.	45	(BBC, 2015)
Quetta (Coal Mine Collapse)	2023	Methane gas explosion caused mine collapse.	Absence of proper ventilation, lack of monitoring equipment. Failure to enforce the Mines Act, 1923.	11	(AlJazeera, 2023)
Karachi (Ali Enterprises Factory)	2012	A devastating fire broke out in the garment factory due to inadequate safety measures, including locked exit doors and barred windows, trapping workers inside.	Failure to enforce the Factories Act, 1934.	258	(Watch, 2019)
Sialkot (Sportswear Factory)	2016	Child labourers found working in hazardous conditions, violating child labour laws.	Failure to prohibiting child labour in hazardous occupations. Failure to enforce Employment of Children Act, 1991.	Several child workers rescued	(Dawn, 2016)

**Brick Maker’s Case Scenario** – The brickmaking industry in Pakistan serves as a grim testament to the pervasiveness of bonded labour and the exploitation of marginalized communities. Employing over 3 million individuals, including men, women, and children, the sector remains steeped in systemic human rights abuses despite legislative efforts to combat bonded labour. Workers are often trapped in debt bondage, a form of

modern-day slavery, where they are forced to work under exploitative conditions to repay loans taken from kiln owners. This practice is facilitated by the absence of formal contracts and the lack of effective enforcement of labour laws.

Families working in brick kilns live in deplorable conditions, residing in makeshift huts devoid of basic amenities such as clean water, sanitation, and healthcare. The hazardous working environment, characterized by toxic air and unsafe practices, poses severe health risks, contributing to high mortality rates among children and low life expectancy among adults. Poverty, illiteracy, and socio-economic vulnerability perpetuate cycles of generational bondage, often exacerbated by discriminatory practices against religious minorities, such as Christians and Dalits, who form a disproportionate segment of the kiln workforce.

The testimony of Sara (name changed for identity protection) underscores the extreme physical, psychological, and sexual abuse endured by workers, particularly women. Following the death of her husband, Sara faced relentless exploitation, including verbal and physical abuse, sexual violence, and threats to her life and her children's safety. Her story highlights the inability of existing mechanisms to provide justice or protection for the victims of such systemic exploitation.

Despite the existence of legislation, including the Bonded Labour System (Abolition) Act 1992, Factories Act 1934, and the Industrial Relations Act, the enforcement of these laws remains weak. International obligations under various International Labour Organization (ILO) conventions, such as the Forced Labour Convention (No. 29) and the Abolition of Forced Labour Convention (No. 105), have yet to translate into substantive change at the grassroots level. Activists like Syeda Ghulam Fatima and faith-based organizations are at the forefront of combating these injustices, but their efforts are often met with violent resistance (Wilberforce, 2024).

The above cited scenario identifies following issues:

- i. **Bonded Labour and Debt Bondage** - Over 90% of brick kiln workers are trapped in debt bondage, violating the Bonded Labour System (Abolition) Act 1992 and ILO conventions. Workers are forced to labour under exploitative terms without clear contracts, perpetuating a cycle of poverty and slavery.

- ii. **Inadequate Enforcement of Labour Laws** – Laws such as the Factories Act 1934 and the Industrial Relations Act, which outline safety, welfare, and labour rights, are poorly enforced due to corruption, lack of capacity, and cultural acceptance of bonded labour.
  - iii. **Discrimination and Vulnerability of Marginalized Groups** – Religious minorities and lower-caste groups are disproportionately affected. Discriminatory practices and lack of protections exacerbate their vulnerability to exploitation and abuse.
  - iv. **Gender-Based Violence and Exploitation** – Women in brick kilns face widespread sexual harassment, violence, and exploitation. Cases of rape and abuse, as highlighted in Sara’s testimony, remain underreported due to fear of retaliation and social stigma.
  - v. **Generational Slavery** – Debts are inherited, trapping families in intergenerational cycles of bondage. This practice violates the principles of human dignity and equality enshrined in the Constitution of Pakistan and international human rights standards.
  - vi. **Lack of Access to Basic Services** – Brick kiln workers lack access to essential services such as healthcare, education, clean water, and sanitation, further entrenching their socio-economic deprivation.
  - vii. **Non-Compliance with International Commitments** – Pakistan’s ratification of ILO conventions on forced labour and child labour has not resulted in meaningful reforms or compliance at the national level. The gap between international commitments and domestic practices undermines global labour standards.
  - viii. **Corruption and Impunity** – Corruption within law enforcement and the judiciary prevents victims from seeking justice. Perpetrators often act with impunity, knowing that legal mechanisms are ineffective.
  - ix. **Lack of Awareness and Advocacy** – Workers are often unaware of their rights under existing laws, and there is insufficient advocacy to address the root causes of bonded labour and promote alternative livelihoods.
  - x. **Health Hazards and Unsafe Working Conditions** – Workers are exposed to toxic environments and unsafe practices, leading to long-term health issues and
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premature deaths. This contravenes provisions under the Factories Act 1934 concerning occupational safety and health.

**Labour Rights Violation in the Textile Industry of Pakistan** – A report of titled “No Contracts, No Rights: How the Fashion Industry Avoids Paying Minimum Wages in Pakistan” by European Center for Constitutional and Human Rights (Rights, n.d.) is of relevance with regards to the micro level analysis on the subject issue. In-depth study of the cited report revealed the following findings:

- i. **Lack of Written Contracts and Employment Security** - The study reveals that 97% of surveyed garment workers in Sindh province lacked written employment contracts. This absence of formal agreements results in precarious employment conditions, leaving workers vulnerable to arbitrary termination, exploitation, and non-payment of dues.
- ii. **Non-Payment of Minimum and Living Wages** – Approximately 28% of workers interviewed did not receive the legal minimum wage of PKR 25,000 per month, with 49% of those who were nominally paid the minimum wage reporting unpaid overtime. Additionally, many workers performing skilled labour were underpaid as they were not compensated according to their qualifications. This violation of wage laws persists despite Pakistan's regulations and is exacerbated by inflation and economic hardship.
- iii. **Exploitative Contracting Systems** – Factories frequently use third-party contractors, employing nearly 29% of workers. This system absolves factories of legal responsibility for wage compliance, social security contributions, and worker benefits. Workers hired under these arrangements face heightened insecurity, reduced bargaining power, and greater susceptibility to labour rights violations.
- iv. **Absence of Social Security and Benefits** – The majority of workers lack social security coverage (64%) and pension benefits (85%). In many cases, workers were unaware of their entitlements. These gaps in social protection highlight systemic governance deficiencies in enforcing labour welfare policies.
- v. **Governance Issues and Complicity**

- a. **Ineffective Labour Inspections** – Labour inspection mechanisms in Pakistan are weak and often fail to monitor or penalize factories for non-compliance with labour laws. This ineffectiveness contributes to the widespread exploitation of workers.
- b. **Suppression of Unionization** – Freedom of association is severely restricted. Factory owners employ tactics such as short-term contracts and intimidation to prevent unionization. Survey data indicates that 94% of workers who faced wage violations had no access to active unions. Union leaders and members often face threats, harassment, and violence, deterring collective action.
- c. **Inadequate Corporate Accountability** – Despite the German human rights due diligence law (LkSG), which mandates global brands to ensure fair labour practices in their supply chains, no significant efforts have been made by international companies sourcing from Pakistan to address these violations. Brands have not adjusted pricing structures to enable fair wages and often overlook these issues in favor of cost-cutting.
- d. **Economic and Social Context** – The garment industry, employing 15 million people, represents 38% of Pakistan's manufacturing workforce and contributes significantly to exports. However, inflation, rising fuel costs, and economic instability exacerbate workers' struggles. In 2023, the inflation rate reached 38%, significantly diminishing workers' purchasing power and pushing many into poverty.

### 6.3 Legal Analysis

After the 18th Constitutional Amendment, the concurrent legislative list was abolished and resultantly the subjects enumerated in it were devolved to the provinces including entry No. 26, which was related to the welfare of labour, condition of labour, provident fund, employer liability, and works men compensation, health insurance, including invalidity pension, old age pensions. However, for the continuation of laws, it is provided in Clause-VI of Article-270 AA that all laws relating to any of the above matters enumerated in the said list which was enforced in Pakistan or any part thereof,

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before the commencement of the 18th amendment shall continue to remain enforced until altered, repealed or amended by the competent authority/forum. The Federal Government constituted the Implementation Commission as required under Clause (9) of Article 270 AA, which was mandated to complete the process of devolution of the matters, mentioned in the concurrent legislative list, to the provinces. The Implementation Commission decided that the matters mentioned in entry No. 26 of the concurrent legislative list may be devolved to the provinces, except the Employee Old Age Benefit Institution (EOBI) and Workers Welfare Fund (WWF) which may remain with the Federal Government.

### 6.3.1 Factories Act 1934 and Provincial Factories Acts

The Factories Act, 1934 is the foundational legislation for regulating industrial labour in Pakistan. Enacted during British colonial rule, it governs aspects such as worker safety, working conditions, and welfare. Following Pakistan's independence, the Act continued to operate at the national level. However, with the 18th Amendment to the Constitution in 2010, labour laws were devolved to the provinces, resulting in the enactment of the provincial Factory Acts i.e. Punjab Factories Act (2012), Sindh Factories Act (2015), Khyber Pakhtunkhwa Factories Act (2013) and Balochistan Factories Act (2021)

**Scope and Jurisdiction** – The Factories Act, 1934 initially applied to all industrial establishments in Pakistan, defining a factory as any premises with 10 or more workers. Post-devolution, each province has adapted the Act to address local labour conditions.

**Child Labour and Minimum Age** – Under the Factories Act, 1934, children under 14 years were prohibited from employment in factories. The ILO's Convention No. 138 sets the minimum working age at 15 years, with exceptions for developing countries, allowing 14 years for light work. Sindh Factories Act, 2015 raised the minimum working age to 15, aligning with international standards. However, other provinces (Punjab, KP and Balochistan) retained the 14-year threshold, permissible under ILO flexibility provisions. Thus, Sindh demonstrates full compliance with ILO standards, while other provinces align within permissible limits.

**Night Work for Young Persons** – The Factories Act, 1934 prohibited night work for individuals under 17 years. ILO's Convention No. 90 mandates a higher threshold, prohibiting night work for persons under 18 years. Provincial Acts generally maintain the original age limits from the 1934 Act, creating partial misalignment with ILO requirements. However, Sindh and Punjab have introduced stricter enforcement mechanisms for young workers employed during restricted hours. There remains a gap in full compliance with ILO standards regarding night work for young persons.

**Employment of Women and Night Work** – The Factories Act, 1934 restricted night work for women, barring them from employment during specified hours. ILO's Convention No. 89 prohibits night work for women, except under exceptional circumstances. Sindh and Punjab have introduced flexible regulations to accommodate modern industrial needs, such as allowing women to work night shifts in managerial or technical roles. These changes are designed to support gender inclusivity but deviate from strict adherence to ILO's convention. While progressive, provincial amendments partially conflict with ILO standards.

**Working Hours and Overtime** – The Factories Act, 1934 set working hours at 8 hours per day and 48 hours per week, with overtime capped at 12 additional hours. ILO's Convention No. 1 endorses these limits. Provincial Acts retained these provisions, with some, such as Punjab, enhancing compensation rates for overtime to encourage compliance. The provincial laws align well with ILO standards on working hours and overtime.

**Occupational Safety and Health** – The Factories Act, 1934 provided basic health and safety measures, including provisions for sanitation, drinking water, and ventilation. ILO's Convention No. 155 emphasizes comprehensive measures to ensure worker health and safety. Through Sindh Factories Act, 2015, the province of Sindh introduced detailed provisions for hazardous material handling, emergency preparedness, and accident reporting. Punjab and KP also modernized their safety protocols, ensuring greater compliance with ILO standards. Provincial Acts exhibit significant progress in occupational safety and health, reflecting alignment with ILO standards.

**Freedom of Association and Collective Bargaining** – The Factories Act, 1934 did not extensively address the right to form unions or engage in collective bargaining, relying

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instead on separate labour laws. ILO's Conventions No. 87 and 98 state the right to freedom of association and collective bargaining. Although, the federal and provincial legal instruments are indirectly aligned, but both laws need reinforcement to fully comply with ILO conventions.

**Environmental and Welfare Provisions** – The Factories Act, 1934 had limited focus on environmental protection and worker welfare facilities such as childcare and canteens. Provincial Acts, particularly in Sindh and Punjab, introduced advanced environmental and welfare requirements, including pollution control mechanisms and maternity leave. Modern provisions in provincial laws reflect growing alignment with international labour and environmental standards.

### 6.3.2 Federal and Provincial Industrial Relations Acts

**Dispute Resolution Mechanisms** – Conciliators and arbitrators mediate disputes between employers and workers. If conciliation fails, cases are referred to labour courts. The Sindh and Balochistan Acts include specific provisions for expedited proceedings, while the Federal IRA has broader provisions but fewer specific timelines. The Acts provide for the establishment of labour courts to adjudicate disputes and enforce decisions. Appeals are heard by labour appellate tribunals. Punjab's IRA has detailed rules on tribunal formation and stand out as compared to other provincial laws.

**Workers' Participation in Management** – Laws in Khyber Pakhtunkhwa and Balochistan mandate workers' representation in management boards, promoting participatory governance within industrial establishments.

**Provisions for Strikes and Lockouts** – Workers may strike after serving notice and exhausting conciliation procedures and same in the case of lockouts. Strikes in “public utility services” are subject to additional restrictions. The Sindh IRA defines public utility services more comprehensively than other Acts. Actions conducted without following due process are deemed illegal and attract penalties. The Balochistan IRA includes more stringent penalties for illegal strikes and lockouts compared to the Federal law.

**Penalties for Non-Compliance** – Each act specifies penalties for unfair labour practices, such as discrimination against union members or failure to implement

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agreements. The Punjab IRA's penalty structure is more detailed, including higher fines for repeat violations.

**Gender Inclusivity** – There is a provision in IRA for participation of women in Trade Union yet it is seldom implemented. The Sindh IRA requires trade unions to include women in their executive bodies proportionate to their representation in the workforce. This progressive step is not mirrored in other provincial Acts or the Federal IRA, which could benefit from adopting similar provisions.

**Consonance with ILO** – As far as the consonance with the conventions of International Labour Organization is concerned, Pakistan's IRAs uphold freedom of association (Convention 87 – Freedom of Association), however, the bureaucratic hurdles restrict its implementation in true letter and spirit. Sindh IRA's broader inclusion of sectors such as agriculture and fishing better aligns with ILO standards. The Acts support collective bargaining processes (Convention 98 – Right to Organize and Collective Bargaining) but face challenges in practical enforcement due to difficult registration procedures and resistance from employers / industrialists.

### 6.3.3 Workers' Welfare Fund and Workers' Welfare Boards

**Scope and Framework** – The Workers' Welfare Fund (WWF), established under the Workers' Welfare Fund Ordinance, 1971, operates as a federal initiative aimed at financing various welfare activities for industrial workers across Pakistan. It encompasses housing projects, scholarships, skill development programs, and financial grants. The WWF is financed through contributions from industrial establishments (2% of annual income above a specified threshold under Section 4(1) of WWF Ordinance, 1971) and leftover of 5% of profits after distribution among eligible workers under the Companies Profit (Workers Participation) Act, 1968. The collections are made by the Federal Board of Revenue and credited to the WWF Trust Account, which is maintained by Accountant General of Pakistan Revenues (AGPR). The administration of the fund involves a Governing Body composed of representatives from the federal and provincial governments, employers, and workers.

After the 18th Constitutional Amendment, labour welfare was devolved to the provinces, leading to the establishment of provincial Workers' Welfare Boards (WWBs)

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in Punjab, Sindh, Khyber Pakhtunkhwa, and Balochistan. These Boards are responsible for implementing the provisions of the WWF Ordinance or their respective provincial law, within their jurisdictions. Each board operates its initiatives, such as housing schemes, educational programs, and financial assistance, tailored to the specific needs of its province. The funding and administration rely on contributions from industrial establishments within the province and coordination with the Federal WWF.

**Governance and Administration** – The WWF’s governance involves a centralized approach with the Governing Body overseeing operations at the Federal level. This body ensures uniform policies and guidelines for fund utilization, addressing broader national labour welfare priorities. It also facilitates contributions from industrial establishments operating across multiple provinces.

Provincial Boards operate autonomously under their respective labour departments. While they align with Federal guidelines, the decentralized framework allows provinces to prioritize welfare measures based on localized labour demographics. Governance structures include worker and employer representation, but effectiveness varies due to administrative capacity and resource allocation.

**Resource Allocation and Financial Sustainability** – The WWF is financed through a well-defined structure, including mandatory contributions, government funding, and investment income. Its centralized model allows for more extensive pooling of resources but often results in delayed disbursement of funds to provinces, creating bottlenecks in project implementation.

Provincial Boards rely heavily on Federal fund disbursements and contributions from local industries. However, disparities in industrial development among provinces lead to unequal resource generation. For instance, Punjab, with a robust industrial base, manages more extensive welfare initiatives than less industrialized regions like Balochistan.

**Program Implementation and Reach** – The Federal fund primarily addresses overarching welfare schemes but lacks direct implementation at the grassroots level. This often results in challenges in addressing local nuances and specific worker needs.

Provincial Boards are directly responsible for on-ground implementation, enabling them to address province-specific challenges. However, inefficiencies, limited administrative capacity, and lack of worker awareness hinder the equitable and effective distribution of benefits. Punjab, for instance, demonstrates relatively efficient governance and investment policies, while Sindh and Balochistan face administrative bottlenecks.

**Consonance with ILO Conventions** – Both the WWF and WWBs align with Pakistan’s commitments under the 36 International Labour Organization (ILO) conventions, including the eight fundamental conventions. Key areas of alignment include:

- i. Social Security (ILO Convention No. 102) – Both the WWF and WWBs provide housing, education, and financial grants, contributing to minimum social security standards for workers.
- ii. Freedom of Association and Collective Bargaining (ILO Conventions No. 87 and 98) – The governance structures include worker and employer representation, fostering tripartite consultation and decision-making.
- iii. Gender Equality (ILO Conventions No. 100 and 111) – Welfare provisions such as scholarships and marriage grants indirectly promote gender equity, particularly benefiting workers’ families.
- iv. Child Labour (ILO Conventions No. 138 and 182) – Education-focused schemes by both the WWF and WWBs contribute to reducing child labour by encouraging school enrollment among workers’ children.
- v. Labour Inspection (ILO Convention No. 81) – Despite alignment in principle, weak labour inspection mechanisms remain a gap in ensuring compliance and effective implementation.

#### 6.3.4 Mines Act, 1923

**Federal** – The legislation governing the operations of mines in Pakistan is the Mines Act, originally enacted in 1923 by the British to regulate mining and the welfare of mine workers. It applies to all mineral-extracting operations, including coal, metal and

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oil. The legislation targets mine workers' safety, health and welfare and provides a comprehensive framework to prevent accidents and occupational diseases

Reports by the Human Rights Commission of Pakistan established that Pakistan coal mines, primarily located in Balochistan and Gilgit-Baltistan, are some of the most dangerous workplaces globally. Mine workers usually do not use the proper gear and enter the mines in their routine wear. This has resulted in hundreds of mine workers losing their lives in accidents that could have been averted if basic safety standards were in place. Pakistan is still not a signatory to the ILO Convention C176 on Safety and Health in Mines. This is reflected in the poor state of health and safety standards in the mines throughout the country ( (Pakistan H. R., n.d.).

**Provincial** – The Commissionerate of Mines in Khyber Pakhtunkhwa, under the **Khyber Pakhtunkhwa Excise Duty on Minerals (Labour Welfare) Act, 2021**, focuses on improving the welfare of mine labourers through health, education, and financial support. It has established 12 Mines Labour Welfare (MLW) Dispensaries to provide healthcare, particularly for occupational diseases, and offers scholarships for children of labourers, covering general, professional, and special education needs. Financial assistance includes death, disability, and marriage grants, along with stipends for trainees. A key achievement is the development of an online portal, enabling over 28,000 labourers to register and access welfare programs. While the initiative faces challenges such as low excise duty rates, delays in fund transfers, and limited infrastructure, it has significantly improved the quality of life for labourers and their families, fostering a safer and more equitable working environment in the mining sector.

#### 6.4 Stakeholders and Institutional Analysis

##### 6.4.1 Workers/Employees

**Role** – Labours form the backbone of industrial development, contributing significantly to Pakistan's economy across sectors such as agriculture, industry, and services. They are the direct beneficiaries of labour policies, welfare programs, and social protection mechanisms while driving industrial productivity. Workers seek fair wages, job security, and decent working conditions, along with access to pensions, healthcare, and

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housing benefits facilitated by institutions like the Employees Old-Age Benefits Institution (EOBI) and the Workers Welfare Fund (WWF).

**Influence** – Labours have limited influence due to low unionization rates, lack of awareness of labour rights, and inadequate representation in policy-making processes. Informal sector workers, who constitute over 72% of the workforce, are largely excluded from formal protections, further diminishing their collective bargaining power. However, their influence can become moderate when organized through unions or advocacy platforms.

**Impact** – Challenges faced by workers include low wages, unsafe working conditions, and lack of social protections, which perpetuate economic disparities. Vulnerable groups such as women, children, and informal workers are disproportionately affected. Informal employment and minimal bargaining power hinder their ability to assert their rights, limiting overall progress in industrial and social development.

#### 6.4.2 Labour Unions

**Role** – Labour unions advocate for workers' rights, negotiate collective bargaining agreements, and ensure compliance with labour laws. They play an advocacy role by addressing workplace grievances and improving working conditions. Unions also ensure that workers have a voice in policy discussions.

**Influence** – Despite their potential, unions have limited influence due to low unionization (1–3% of the workforce), fragmented structures, and lack of political support. Their influence varies depending on their strength and the sector they represent, with public-sector enterprises and large industries often witnessing stronger union activity. However, political interference, internal divisions, and employer resistance further weaken their position.

**Impact** – The limited reach and influence of labour unions result in a lack of effective representation for workers, contributing to weak enforcement of labour rights. This hinders progress toward equitable industrial relations.



### 6.4.3 Employers/Industrialists

**Role** – Employers drive industrial and economic growth by creating jobs and generating revenue. They are responsible for ensuring compliance with labour laws, providing safe working conditions, and contributing to welfare programs such as EOBI and WWF.

**Influence** – Employers wield significant influence, often shaping labour policies through lobbying and representation in tripartite forums. They aim to minimize costs, maintain profitability, and reduce regulatory burdens. Organizations like the Employers' Federation of Pakistan (EFP) enhance their collective lobbying power.

**Impact** – While employers contribute to economic development, their reluctance to fully adhere to labour standards aggravates issues such as low wages, unsafe conditions, and limited benefits for workers. Resistance to unionization and reluctance to formalize employees, particularly in Small and Medium Enterprises (SMEs), further restrict workers' ability to advocate for their rights.

### 6.4.4 Ministry of Overseas Pakistanis & Human Resource Development (MOPHRD)

**Role** – The Ministry oversees the WWF at the Federal level and is responsible for formulating and implementing labour policies, including those related to overseas workers. It represents Pakistan in international labour forums like the International Labour Organization (ILO).

**Influence** – As a key policymaker, the Ministry wields significant influence over federal labour welfare initiatives. However, coordination challenges with provincial governments limit its effectiveness, particularly after 18<sup>th</sup> Amendment.

**Impact** – The Ministry's administrative oversight contributes to national labour welfare but often falls short in addressing systemic issues, such as informal sector inclusion and enforcement gaps. Jurisdictional overlaps with provinces create inefficiencies in achieving its objectives.

#### 6.4.5 Workers' Welfare Fund (Federal Level)

**Role** – The WWF provides housing, education, and financial assistance to industrial workers. It oversees the allocation and disbursement of funds for welfare initiatives, supported by employer contributions.

**Influence** – The WWF has considerable financial resources and a tripartite governance structure, giving it a prominent role in labour welfare. However, its focus on formal sector workers limits its reach and inclusivity.

**Impact** – The fund's restricted coverage excludes informal sector workers, leaving the majority of the workforce without access to critical welfare programs. Governance issues, such as delays in fund disbursement and limited transparency, reduce its overall effectiveness.

#### 6.4.6 Employees Old-Age Benefits Institution (EOBI)

**Role** – The EOBI administers pensions and social security for registered private-sector employees. It collects contributions from employers and ensures disbursement to retirees or their families, acting as a critical social safety net for workers in formal sectors. The institution also supports post-retirement security through a structured mechanism.

**Influence** – The EOBI holds significant influence due to its role in providing social security. However, low registration of employers and workers, combined with limited awareness among beneficiaries, reduces its operational reach. Its ability to influence policy is moderate and often hindered by outdated systems and financial inefficiencies.

**Impact** – The institution's restricted coverage limits its effectiveness in addressing the needs of informal sector workers, who form a significant portion of the workforce. Expanding coverage to include these workers remains a critical challenge. Despite its structured mechanism, the EOBI's financial and administrative inefficiencies diminish its potential impact on improving social security for workers.

#### 6.4.7 Provincial Labour Departments

**Role** – These departments administer labour laws and oversee the provincial Workers' Welfare Boards. They are responsible for inspections, compliance, and dispute resolution.

**Influence** – Provincial labour departments play a critical role in implementing labour policies. However, limited resources, weak enforcement mechanisms, and capacity issues reduce their impact.

**Impact** – The inconsistent performance of labour departments across provinces results in uneven implementation of labour laws and welfare initiatives. Informal workers remain largely excluded from their purview, further exacerbating labour challenges.

#### 6.4.8 Workers' Welfare Boards (Provincial Level)

**Role** – Provincial Workers' Welfare Boards implement welfare measures such as housing, education, and training for workers and their families. They address region-specific challenges in line with provincial needs.

**Influence** – The boards operate autonomously but face resource and capacity constraints. Their influence varies across provinces, with industrialized regions like Punjab demonstrating better performance.

**Impact** – While these boards address region-specific challenges, their limited focus on informal workers, particularly in rural areas, undermines inclusivity. Bureaucratic inefficiencies further hinder their ability to deliver effective welfare programs.

#### 6.4.9 International Organizations (e.g., ILO)

**Role** – The ILO and other international organizations provide technical assistance, set labour standards, and monitor compliance with international conventions. They facilitate social dialogue among stakeholders and support capacity-building efforts.

**Influence** – International organizations have significant influence through their ability to shape national policies and provide funding for labour-related projects. Their recommendations often guide reforms and capacity-building efforts.

**Impact** – While these organizations promote alignment with international standards, weak enforcement and lack of local ownership undermine their effectiveness. The ILO’s focus on capacity-building has improved labour policies but has yet to address enforcement gaps.

#### 6.4.10 Non-Governmental Organizations (NGOs) and Civil Society Organizations (CSOs)

**Role** – NGOs and CSOs advocate for labour rights, conduct research, and provide support to vulnerable groups such as women, children, and informal workers. They supplement government efforts by raising awareness and providing legal and logistical support to workers.

**Influence** – NGOs influence labour policies through advocacy and awareness campaigns. However, their impact is limited by resource constraints and lack of direct authority.

**Impact** – NGOs and CSOs play a crucial role in highlighting labour rights issues and providing support to marginalized groups. Their efforts complement government initiatives but are insufficient to address systemic challenges on a large scale.

#### 6.4.11 Judiciary

**Role** – The judiciary adjudicates labour disputes, enforces labour laws, and ensures compliance with constitutional provisions. It holds authority in resolving disputes and holding employers accountable.

**Influence** – The judiciary has significant influence in upholding labour rights. However, delays in case resolution and limited access to justice for workers reduce its effectiveness.

**Impact** – Judicial intervention has been pivotal in addressing labour rights violations, but systemic inefficiencies hinder timely and equitable resolution of disputes. Greater efficiency is needed to maximize its impact in driving reforms.

## 6.5 SWOT and EETH Analysis

### 6.5.1 SWOT Analysis

#### i. Strengths

- a. **Legal Framework and Policy Mandate** – The Workers Welfare Fund (WWF) operates under a robust legal mandate provided by the Workers Welfare Fund Ordinance, 1971, ensuring financial resources for worker welfare through employer contributions.

Provincial Workers Welfare Boards (WWBs) are empowered under the 18th Amendment to tailor welfare measures according to localized needs, demonstrating flexibility and regional alignment.

Labour Departments are equipped with the mandate to enforce a range of labour laws, including minimum wage, safety standards, and dispute resolution mechanisms.

- b. **Financial Resources** – The WWF has significant financial capacity, with its fund size increasing from PKR 14 billion in 2021-2022 to PKR 50 billion in 2022-2023, enabling large-scale welfare projects.

Provincial WWBs leverage federal fund disbursements and employer contributions, providing avenues for financing welfare schemes.

- c. **Tripartite Governance** – WWF and WWBs incorporate representatives from employers, workers, and the government, fostering inclusive decision-making aligned with International Labour Organization (ILO) principles.

Governance structures ensure dialogue between stakeholders, promoting equitable labour practices.

- d. **Alignment with ILO Conventions** – Programs under WWF and WWBs, such as housing, education, and grants, align with key ILO conventions, including Convention No. 102 (Social Security) and Convention No. 182 (Child Labour).

Labour Departments enforce compliance with internationally ratified labour standards, ensuring Pakistan's adherence to global commitments.

- e. **Provincial Decentralization** – Post-18th Amendment devolution has enabled provinces to design and implement labour policies that cater to their specific demographic and economic conditions, such as the Sindh Labour Policy, 2018 and the Khyber Pakhtunkhwa Workers Welfare Policy, 2018.

**ii. Weaknesses**

- a. **Limited Coverage of Informal Sector** – WWF and WWBs are restricted to formal sector workers, leaving 72.5% of Pakistan’s labour force in the informal sector without access to social protections.

Labour Departments lack mechanisms to regulate informal employment, which dominates rural and semi-urban economies.

- b. **Resource and Capacity Constraints** - Provincial WWBs, especially in less industrialized provinces like Balochistan, face financial and administrative bottlenecks, resulting in uneven implementation of welfare programs.

Labour Departments are underfunded, with weak inspection frameworks and insufficient human resources to monitor compliance effectively.

- c. **Fragmented Legal and Policy Frameworks** – Provincial disparities in labour laws, such as varying definitions of “workers” and inconsistent standards in the Factories Acts, create challenges in enforcement and compliance.

Labour Departments and WWBs operate in silos, leading to poor coordination and overlapping jurisdictions between federal and provincial institutions.

- d. **Governance and Transparency Issues** – Delays in disbursements and fund allocations by the WWF hinder timely implementation of welfare schemes.

A lack of accountability mechanisms in the WWF and WWBs undermines stakeholder confidence and fosters inefficiencies in service delivery.

- e. **Gender and Sectoral Exclusion** – Welfare initiatives rarely address the needs of female workers and home-based labourers, who are disproportionately affected by poor working conditions and low wages. Rural and agricultural workers, constituting a significant portion of the workforce, are excluded from the ambit of provincial WWBs.

### iii. Opportunities

- a. **Policy and Legal Reforms** – Aligning provincial labour laws with international standards, such as ILO Convention No. 87 (Freedom of Association) and Convention No. 98 (Collective Bargaining Rights), can strengthen labour protections.

Introducing amendments to extend WWF and WWBs' coverage to informal workers, including agricultural and home-based labourers, can expand social protections.

- b. **Capacity-Building Initiatives** – Enhancing the administrative capacity of Labour Departments through training and digital tools can improve inspection and enforcement mechanisms.

Establishing partnerships with NGOs, CSOs, and international organizations like the ILO can provide technical assistance and funding for labour welfare programs.

- c. **Technological Integration** – Developing digital platforms for real-time monitoring of fund utilization and program delivery can enhance transparency and accountability in WWF and WWBs.

Leveraging technology to facilitate registration of informal workers and disbursement of benefits can ensure inclusivity.

- d. **Strengthening Tripartite Engagement** – Expanding the role of tripartite bodies in governance to include representation from informal sector workers can improve policy inclusivity and advocacy for vulnerable groups.

Promoting dialogue between provincial and federal institutions can harmonize labour policies and eliminate jurisdictional conflicts.

- e. **Expanding Welfare Coverage** – Implementing tailored welfare schemes for women, such as maternity benefits and childcare support, can address gender disparities in labour protections.

Introducing subsidized housing and healthcare for rural workers through provincial WWBs can promote equitable welfare distribution.

#### iv. Threats

- a. **Informal Sector Dominance** – The persistence of informal employment undermines the impact of government welfare initiatives, perpetuating labour exploitation and non-compliance with labour laws.

- b. **Employer Resistance** – Employers, particularly in the SME sector, resist formalizing workers due to perceived financial burdens, limiting the scope of WWF and WWBs' programs.

Active suppression of unionization efforts by industrialists hampers collective bargaining and weakens labour rights advocacy.

- c. **Bureaucratic Inefficiencies** – Delays in fund disbursement and decision-making at WWF and WWBs compromise their responsiveness to workers' needs, eroding trust among stakeholders.

Ineffective grievance redress mechanisms discourage workers from asserting their rights, exacerbating non-compliance with labour laws.

- d. **Economic Instability** – Economic fluctuations and fiscal constraints may impact employer contributions to the WWF, reducing resources available for welfare programs.

Rising inflation and unemployment can exacerbate worker vulnerability, increasing the demand for welfare services beyond institutional capacity.

- e. **Weak Enforcement of Labour Laws** – Insufficient inspection mechanisms and low penalties for non-compliance contribute to widespread violations of labour laws, undermining institutional credibility.

Political interference in labour governance risks diluting institutional autonomy and effectiveness, particularly at the provincial level.



## 6.5.2 EETH Analysis

### i. Enhancement of Strengths

- a. **Strengthen Financial Resources** – Develop an efficient mechanism to monitor and optimize fund utilization for WWF and WWBs to ensure timely disbursement and project implementation.
- b. **Leverage Legal Mandate** – Expand tripartite governance structures to further enhance stakeholder engagement and compliance with labour laws.
- c. **Promote ILO Alignment** – Capitalize on the existing alignment with key ILO conventions by developing detailed compliance mechanisms for conventions like social security (Convention No. 102).
- d. **Provincial Adaptation** – Build on provincial autonomy to address region-specific labour welfare challenges, such as housing and education for industrial and rural workers.

### ii. Elimination of Weaknesses

- a. **Expand Informal Sector Coverage** – Amend the Workers Welfare Fund Ordinance, 1971, and related provincial policies to include informal workers in welfare programs like healthcare and pensions.
- b. **Strengthen Coordination** – Create a federal-provincial coordination committee to streamline labour policy implementation and reduce jurisdictional conflicts.
- c. **Capacity-Building** – Invest in digital tools and training programs for labour inspectors to enhance enforcement of labour laws and minimize violations.
- d. **Improve Governance** – Introduce accountability frameworks, such as performance audits and stakeholder feedback mechanisms, to ensure transparency in WWF and WWBs' operations.
- e. **Address Gender Exclusion** – Mandate gender-specific welfare initiatives and representation in decision-making bodies at WWF and WWBs to improve inclusion and equity.

### iii. Taking Advantage of Opportunities

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- a. **Legal and Policy Reforms** – Align provincial labour laws with international standards to improve Pakistan's global labour compliance standing and attract international funding and partnerships.
- b. **Enhance Tripartite Engagement** – Broaden the representation of informal sector workers and marginalized groups in tripartite bodies to increase inclusivity.
- c. **Technology Integration** – Develop digital registration platforms to formalize informal sector workers and facilitate access to welfare benefits.
- d. **Collabouration with International Organizations** – Leverage partnerships with ILO, World Bank, and UNDP to secure technical and financial support for expanding welfare programs and improving enforcement.
- e. **Focus on Rural Inclusion** – Develop targeted welfare schemes for rural and agricultural workers, such as mobile health units and vocational training centers, to improve their working conditions and productivity.

**iv. Hedging Against Threats**

- a. **Mitigate Informal Sector Risks** – Launch awareness campaigns and outreach programs to encourage informal sector registration and compliance with labour laws.
  - b. **Address Employer Resistance** – Provide incentives, such as tax breaks or subsidies, to employers who formalize their workforce and comply with labour standards.
  - c. **Tackle Bureaucratic Inefficiencies** – Introduce a grievance redressal portal to ensure swift resolution of labour complaints and improve institutional responsiveness.
  - d. **Economic Contingency Plans** – Establish reserve funds within WWF to hedge against economic instability and maintain welfare programs during fiscal constraints.
  - e. **Strengthen Inspections** – Implement strict penalties for non-compliance with labour laws, supported by improved inspection mechanisms to deter violations.
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- f. **Safeguard Autonomy** – Advocate for legislative amendments to reduce political interference in labour governance, ensuring institutional independence and efficiency.

#### 6.6 Blavatnik School of Government's Oxford Index of Public Administration

Blavatnik OIPA Framework in relation to Public Policy, Strategy Leadership, National Delivery, and People and Processes has been applied to conduct a Gap Analysis with Malaysia and India. This will provide a more holistic approach to understanding the gaps in labour policies, regulations, practices, and welfare activities while addressing Industrial Development and Social Protection.

##### 6.6.1 Malaysia

Based on OIPA Framework, the Gap Analysis with Malaysia revealed following key insights:

- i. **Public Policy** – Malaysia's labour and welfare policies are more comprehensive, modernized, and enforced effectively nationwide. Pakistan's fragmented and outdated policies result in inconsistent implementation, particularly at the provincial level.
- ii. **Strategy Leadership** – Malaysia benefits from cohesive leadership and tripartite approaches, ensuring that industrial relations and social protection are managed uniformly. In Pakistan, there is a lack of coordinated leadership, hindering policy enforcement and industrial relations management.
- iii. **National Delivery** – Malaysia's centralized delivery mechanisms ensure consistent protection and welfare for all workers. Pakistan's delivery is hampered by outdated systems and gaps in enforcement, especially in rural and informal sectors.
- iv. **People and Processes** – Malaysia's processes are streamlined and efficient, supported by clear regulations and systematic monitoring. In contrast, Pakistan faces inefficiencies in social security administration, industrial dispute resolution, and migrant worker protection due to a lack of infrastructure and resources.

### 6.6.2 India

Based on OIPA Framework, the Gap Analysis with India revealed following key insights:

- i. **Public Policy** – India’s Unified labour codes ensure inclusivity and adaptability to modern labour trends. However, Pakistan’s fragmented and outdated laws fail to address emerging labour challenges like the gig economy and informal sector workers.
- ii. **Strategy Leadership** – India’s centralized and proactive leadership promotes reform and effective governance in labour policies. However, in case of Pakistan, the decentralized and reactive leadership limits the scope of reforms and fails to address regional disparities.
- iii. **National Delivery** – India’s centralized delivery ensures uniformity, accessibility, and consistency across states. On the other hand in Pakistan, the decentralized systems result in uneven delivery, delays, and inefficiencies in labour policy implementation.
- iv. **People and Processes** – India’s efficient processes with better-defined roles, training, and technology-driven mechanisms ensure higher compliance. Whereas, Pakistan’s outdated processes and limited resource allocation hinder effective policy execution.

### 6.7 Comparative Analysis of Global Best Practices

Best Practice	Name of Practice	Country	Practical Example	Viability for Pakistan
Anti-Discrimination Policies in Hiring	Equal Employment Opportunity (EEO)	Canada	Canada’s Employment Equity Act ensures that employers provide equal opportunities in hiring and promotion, promoting diversity in workplaces.	Pakistan could enforce stricter anti-discrimination laws in hiring processes, creating initiatives for better representation of women, minorities, and persons with disabilities.

<b>Best Practice</b>	<b>Name of Practice</b>	<b>Country</b>	<b>Practical Example</b>	<b>Viability for Pakistan</b>
<b>Workplace Safety Regulations</b>	Health and Safety Standards	United Kingdom	The UK's Health and Safety Executive (HSE) sets regulations for workplace safety, conducting inspections, and imposing penalties for violations.	Pakistan can adopt comprehensive workplace safety regulations and introduce regular safety audits, with strong penalties for employers who fail to comply.
<b>Progressive Minimum Wage Policies</b>	Fair Wage Policy	Australia	Australia's Fair Work Commission periodically reviews and adjusts the minimum wage to reflect the cost of living, economic conditions, and inflation.	Pakistan can introduce a system for periodic wage reviews, ensuring that the minimum wage reflects current living costs and inflation rates.
<b>Skill Development and Apprenticeship Programs</b>	Dual Education System (Vocational Training)	Germany	Germany's dual education system combines vocational training with theoretical education, allowing students to gain practical experience while studying.	Pakistan can introduce a dual education system by partnering with industries to provide practical training, offering students hands-on experience while they complete their education.
<b>Formalizing Informal Labour</b>	Labour Formalization Program	Brazil	Brazil implemented the "Simples Nacional" program, which offers incentives to small businesses to formalize their workers, providing them with benefits like social security.	Pakistan can introduce a similar program, offering tax incentives and financial assistance to small businesses for registering informal workers, bringing them into the formal economy.

From the analysis of the tabulated data above, it has been assessed that by formalizing the informal labour, as seen in Brazil, Pakistan could benefit from a more inclusive approach to integrating the informal sector into the formal economy. This integration would allow workers in the informal sector to access social protection, healthcare, and

other essential benefits. When combined with best practices from Canada, the UK, Australia, and Germany, this model offers a comprehensive framework for improving labour rights protection, promoting industrial growth, and ensuring equitable development in Pakistan.

#### 6.8 Gap Analysis

##### i. Fragmentation and Inconsistency

- a. **Provincial Disparities Post-18th Amendment** – The devolution of labour matters has led to fragmented laws across provinces, resulting in inconsistencies. For instance, Sindh raised the minimum working age to 15, aligning with international standards, but other provinces maintain the threshold at 14. As regards, ILO Convention No. 90 (Night Work for Young Persons), provincial laws do not fully comply with the ILO's prohibition of night work for individuals under 18.
- b. **Partial Ratification and Enforcement** – While Pakistan has ratified 36 ILO conventions, only 30 are actively implemented. Critical gaps remain in enforcing ILO Conventions No. 29 and 105 (Forced Labour), No. 182 (Worst Forms of Child Labour), and No. 100 (Equal Remuneration).
- c. **Outdated Laws** – Factories Act, 1934, a colonial-era law, though adapted by provinces, does not address modern labour challenges, such as the gig economy or flexible working conditions. It fails to align with ILO Convention No. 155 regarding Occupational Safety and Health. Furthermore, despite existence of Bonded Labour System (Abolition) Act, 1992, bonded labour persists, undermining Pakistan's compliance with ILO Conventions No. 29 and 105.
- d. **Exclusion of Informal Sector Workers** – Current laws focus on formal workers, excluding 72.5% of Pakistan's workforce in the informal economy. Informal sector workers lack access to pensions, healthcare, and other social protections due to weak regulatory mechanisms and employer resistance. This violates ILO Convention No. 102 (Social

Security Minimum Standards), which mandates social protections for all workers.

**ii. Policy Gaps**

- a. Lack of a Unified National Policy** – Pakistan is affected by fragmented provincial policies, meaning thereby that Pakistan lacks a cohesive national labour policy, leading to disparities across provinces.
- b. Misalignment with ILO Standards** – Policies fail to adequately address collective bargaining rights (ILO Conventions No. 87 and 98) and minimum wage adjustments in line with inflation (ILO Convention No. 131).
- c. Limited Coverage of Social Protection** – Policies prioritize industrial labour while neglecting rural and informal workers, particularly women and children. This undermines commitments to ILO Conventions No. 100, 111, 138, and 182.
- d. Gender and Sectoral Disparities** – Despite ratifying ILO Conventions No. 100 (Equal Remuneration) and No. 111 (Discrimination in Employment and Occupation), Pakistan's policies fail to enforce equal pay or address workplace discrimination effectively. Female labour force participation remains low at 21.5%.

**iii. Institutional Gaps**

- a. Governance and Coordination Issues** – While Workers Welfare Fund (WWF) aligns with ILO Convention No. 102 on social security, the WWF excludes informal workers and lacks robust accountability mechanisms. Moreover, delays in fund disbursements undermine its effectiveness.
- b. Provincial Workers Welfare Boards (PWWBs)** face severe resource and capacity constraints, especially in less industrialized provinces like Balochistan, leading to uneven implementation of welfare initiatives.
- c. Labour Departments** – Provincial labour departments are underfunded and poorly equipped to enforce labour laws effectively. This violates ILO Convention No. 81 (Labour Inspection), which mandates efficient inspection mechanisms.

- d. Judiciary** – The judiciary plays a critical role in adjudicating labour disputes but suffers from significant delays, limiting workers’ ability to assert rights guaranteed under ILO Conventions No. 87 and 98.

**iv. Practice Gaps**

- a. Weak Enforcement Mechanisms** – Labour inspections are infrequent and inadequate, violating ILO Convention No. 81. Many employers evade compliance with minimum wage laws and workplace safety standards.
- b. Exclusion of Vulnerable Groups** – Female labour force participation is extremely low (21.5%). There is persistent issue of Child Labour. Despite legal prohibitions and ratification of ILO Conventions No. 138 and 182, 3.3 million children remain engaged in labour, highlighting weak enforcement. In addition to this, there exist Gender Disparities, since limited provisions for maternity leave and workplace accommodations violate ILO Conventions No. 100 and 111.
- c. Low Unionization Rates** – Union membership is limited to 1-3% of the workforce, and informal workers are often excluded from union activities.
- d. Workplace Safety Violations** – High-profile incidents, such as the Baldia Factory fire and mine collapses, reveal systemic failures in enforcing workplace safety standards.
- e. Health Hazards** – Workers in hazardous industries, such as brick kilns and mining, face significant health risks without adequate protections.
- f. EOBI Coverage** – The Employees Old-Age Benefits Institution (EOBI) covers only formal workers, leaving the majority of the workforce unprotected.
- g. Underutilized Funds** – While WWF funds have grown significantly (e.g., PKR 50 billion in 2022-23), their impact remains limited due to inefficiencies and delayed disbursement.



- v. **Technological and Process Inefficiencies** – There is minimal use of digital systems to register workers, monitor compliance, or facilitate grievance redressal, which reduces transparency and efficiency.
  - vi. **Gaps in Alignment with the OIPA Framework**
    - a. **Public Policy** – Unlike Malaysia and India, Pakistan’s labour policies are fragmented and outdated, failing to address modern challenges like automation and gig economy labour. This misalignment with ILO Conventions No. 102, 87, and 98 results in inconsistent protections.
    - b. **Strategy Leadership** – Weak coordination between federal and provincial leadership undermines governance. Malaysia’s cohesive tripartite approach offers a model for better alignment with ILO Convention No. 144 (Tripartite Consultation).
    - c. **National Delivery** – Delivery mechanisms are inconsistent, with provinces like Punjab outperforming others. Centralized systems, as seen in India, could improve compliance with ILO Convention No. 102.
    - d. **People and Processes** – Outdated processes and limited resource allocation hinder effective policy execution, violating ILO Convention No. 81. India’s streamlined mechanisms and Malaysia’s digital tools provide replicable models.
  - vii. **Gaps in Adoption of Global Best Practices**
    - a. **Anti-Discrimination Policies** – Pakistan lacks legislation akin to Canada’s Equal Employment Opportunity (EEO) framework, violating ILO Conventions No. 100 and 111.
    - b. **Workplace Safety** – Inadequate implementation of safety standards contrasts with the UK’s robust compliance with ILO Convention No. 155.
    - c. **Progressive Minimum Wage Policies** – Pakistan does not adjust minimum wages regularly, violating ILO Convention No. 131. Australia’s Fair Wage Policy offers a replicable model.
    - d. **Skill Development** – Limited vocational training programs hinder alignment with ILO Convention No. 142 (Human Resources Development). Germany’s dual education system could address this gap.
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- e. **Formalization of Informal Sector** – The absence of formalization programs violates ILO Convention No. 102. Brazil's "Simples Nacional" program provides a viable model for Pakistan.

## 7.0 ISSUES AND CHALLENGES

### i. **Fragmentation and Inconsistencies in Legal Framework**

- a. Post-18th Amendment devolution has resulted in fragmented provincial labour laws, leading to inconsistencies in labour standards and governance.
- b. Lack of alignment between federal and provincial regulations, particularly concerning informal sector workers and night work for young persons, creates gaps in compliance with international standards like ILO conventions.
- c. Outdated laws, such as the Factories Act, 1934, fail to address modern labour challenges, including the gig economy and flexible working conditions.

### ii. **Exclusion of Informal Sector Workers**

- a. Approximately 72.5% of the labour force in the informal sector remains excluded from social protections like pensions, healthcare, and workplace safety provisions.
- b. Informal workers lack access to trade union rights, preventing them from advocating for fair wages and improved working conditions.
- c. Exclusion of agricultural workers worsens vulnerabilities and socio-economic disparities.

### iii. **Weak Enforcement of Labour Laws**

- a. Infrequent and inadequate labour inspections violate ILO Convention No. 81 on Labour Inspection.
- b. Significant gaps exist in enforcing laws related to workplace safety, minimum wages and bonded labour.
- c. Employers often evade compliance, and weak penalties fail to deter violations.

**iv. Gender Disparities and Exclusion of Vulnerable Groups**

- a. Female labour force participation is extremely low (21.5%), with limited access to maternity leave, workplace accommodations, and leadership positions.
- b. Workplace discrimination and unequal pay for women persist, despite ratification of ILO Conventions No. 100 (Equal Remuneration) and No. 111 (Discrimination in Employment).
- c. Child labour continues to be a significant issue, with 3.3 million children engaged in labour, particularly in hazardous conditions, violating ILO Conventions No. 138 and 182.

**v. Weak Institutional Capacity and Governance**

- a. Delays in fund disbursements by the Workers Welfare Fund (WWF) and provincial Workers Welfare Boards (WWBs) hinder timely implementation of welfare programs.
- b. Provincial labour departments lack resources, human capital, and technological tools, resulting in ineffective enforcement of labour laws.
- c. Governance structures, including tripartite mechanisms, lack transparency and accountability, reducing stakeholder confidence.

**vi. Lack of Unified National Policy**

- a. Absence of a cohesive national labour policy leads to disparities across provinces and undermines uniform governance.
- b. Misalignment between labour policies and ILO standards, particularly regarding collective bargaining rights (ILO Conventions No. 87 and 98) and minimum wage adjustments (ILO Convention No. 131).

**vii. Workplace Safety and Health Hazards**

- a. Frequent workplace safety violations, such as the Baldia Factory fire and mine collapses, highlight systemic enforcement failures of occupational safety standards.
- b. Workers in hazardous industries, including mining and brick kilns, face severe health risks due to inadequate safety measures.

**viii. Insufficient Social Protection Programs**

- a. Social protection initiatives, such as those by the Employees Old-Age Benefits Institution (EOBI) and WWF, are limited to formal sector workers, excluding the majority of the workforce.
- b. Provincial Workers Welfare Boards (PWWBs) fail to address the needs of marginalized groups, including rural and agricultural workers.

**ix. Low Unionization and Limited Collective Bargaining**

- a. Union membership is limited to 1–3% of the workforce, with structural and procedural barriers hindering unionization efforts.
- b. Employers resist union activities, undermining collective bargaining and advocacy for workers' rights.

**x. Technological and Process Inefficiencies**

- a. Minimal use of technology to register workers, monitor compliance, or facilitate grievance redressal reduces transparency and efficiency.
- b. Outdated processes and manual systems impede the effective implementation of labour policies and welfare programs.

**xi. Economic and Employer Resistance**

- a. Employers, particularly in SMEs, resist formalizing their workforce, citing financial constraints, thereby perpetuating informal employment.
- b. Economic instability, inflation, and rising costs increase demand for welfare services, stretching institutional capacities.

**xii. Limited Adoption of Global Best Practices**

- a. Lack of anti-discrimination policies, comprehensive workplace safety standards, and skill development initiatives leaves Pakistan behind global leaders like Canada, the UK, and Germany.
- b. Failure to implement a formalization program akin to Brazil's "Simples Nacional" prevents the inclusion of informal workers into the formal economy.

**xiii. Case Scenarios**

- a. **Brick Maker's Case** – Issues identified through the examination of case study of Brick Maker's Case include bonded labour, inter-generational
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bondage, weak enforcement of labour laws, discriminations against marginalized groups, gender-based violence, lack of access to basic services, non-compliance with international obligations, corruption, lack of awareness and advocacy and unsafe working conditions.

- b. Textile Industry's Case** – Issues identified through the examination of case study of Textile Industry Case include lack of employment contracts, non-payment of minimum wages, under paid skilled workers, exploitative contracting system (third-party contractors / middle men), lack of social security, weak labour inspections, suppression of union, corporate accountability issues, economic hardships for labours and governance deficiencies.

## 8.0 CONCLUSION

A critical evaluation of labour-related policies, regulations, practices, and welfare activities in Pakistan highlights an urgent need for reform. Despite a strong legal framework and commitment to international labour standards through key ILO conventions, significant challenges in enforcement, governance, and inclusivity persist.

The fragmentation of labour policies following the 18th Amendment has created regional disparities, particularly regarding minimum working age, collective bargaining rights, and social protections for informal sector workers. Institutional weaknesses and poor coordination between federal and provincial bodies further undermine initiatives like the Workers Welfare Fund (WWF) and Provincial Workers Welfare Boards (PWWBs). Additionally, outdated legal frameworks and weak enforcement prevent the realization of fair labour rights.

With 72.5% of the labour force engaged in informal employment, extending social protections and combatting exploitative practices like bonded and child labour remains a daunting challenge. Gender disparities, low unionization rates, and insufficient vocational training leave many workers vulnerable.

Comparative studies with countries like Malaysia, India, and Brazil suggest actionable reforms, including a unified national labour policy, alignment of provincial laws with international standards, and the formalization of informal work. Strengthening

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governance and promoting collaboration are essential for achieving sustainable industrial development.

To move forward, Pakistan must modernize its legal frameworks, enhance capacity-building efforts, and adopt global best practices. By doing so, the nation can foster equitable industrial development and secure the dignity and well-being of its workforce, paving the way for a more inclusive and prosperous future.

#### 9.0 RECOMMENDATIONS

The following recommendations are formulated to address the systemic gaps and challenges identified in Pakistan's labour policies, regulations, practices, and welfare mechanisms. By focusing on legal reforms, institutional capacity-building, and enhanced inclusivity, these actionable measures aim to promote equitable industrial growth and strengthen social protection frameworks. Incorporating global best practices and leveraging technology, these proposals are designed to foster sustainable development while upholding the dignity and rights of Pakistan's workforce.

**PLIMS** – As a baseline, for equitable application and adoption of standardized laws and policies across the length and breadth of country, it is imperative that a centralized database i.e Pakistan Labour Information Management System (PLIMS) be introduced. The PLIMS model is proposed to be based on the Benazir Income Support (BISP) Model, wherein the Computerize National Identity Card (CNIC) number of each labour shall serve as unique identification Social Security Number. In this regard, the integrated database shall take on-board all the key stakeholder i.e. Ministry of Overseas Pakistan and Human Resource Development, Ministry of Federal Education and Professional Training, Workers' Welfare Fund, National Vocational and Technical Training Center, Provincial Labour Departments, Provincial Industries Department, Workers Welfare Boards and Employees Social Security Institutes. Keeping in view the importance of public-centric policy making and implementation, the database shall also extend interactive dashboard option to all the private sector stakeholders, i.e. Employers, Employers' Federation, Unions and key National and International human and labour rights organizations. The centralized database shall also incorporate a unified forum for easy access to laws and policies and provide a forum for identification of misalignments in federal and provincial laws as well as providing an e-forum to

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avoid bureaucratic red-tape in aligning the laws with the provisions of International Labour Organization's conventions. The dashboards for the private entities shall serve the purpose of complaint redressal in addition to services that may be identified during the course of program development and implementation.

**i. Legal and Policy Reforms**

- a. Develop a Unified National Labour Policy – Create a cohesive policy that harmonizes federal and provincial labour laws post-18th Amendment, ensuring uniformity and alignment with international standards.
- b. Revise Outdated Laws – Update the Factories Act, 1934, and related legislation to address modern challenges such as gig economy labour, flexible work arrangements, and occupational safety (ILO Convention No. 155).
- c. Extend Coverage to Informal Sector – Amend the Workers Welfare Fund Ordinance, 1971, and related provincial laws to include informal sector workers in social protections like healthcare, pensions, and workplace safety.

**ii. Improving Institutional Capacity and Governance**

- a. Enhance Provincial Labour Departments – Allocate adequate funding, training, and digital tools to improve inspection mechanisms and enforce labour laws effectively.
- b. Strengthen the Workers Welfare Fund (WWF) – Establish accountability mechanisms, such as regular audits and grievance redressal systems, to improve fund utilization and transparency.
- c. Bolster Provincial Workers Welfare Boards (PWWBs) – Provide financial and technical support to less industrialized provinces like Balochistan to reduce disparities in welfare program implementation.

**iii. Formalizing the Informal Sector**

- a. Introduce Formalization Incentives – Launch programs similar to Brazil's "Simples Nacional," offering tax benefits and financial support to small businesses that formalize their workforce.

- b. Digital Worker Registration – Develop a centralized, technology-driven platform to register informal workers, ensuring they can access social protection schemes.

**iv. Promoting Gender Equality and Social Inclusion**

- a. Mandate Gender-Specific Welfare Initiatives – Introduce workplace accommodations, maternity benefits, and childcare support tailored to female workers’ needs.
- b. Address Child Labour – Strengthen enforcement of child labour laws and provide alternative education and vocational training for children engaged in hazardous work.
- c. Empower Marginalized Groups – Ensure equitable representation of women, minorities, and informal workers in union leadership and tripartite decision-making bodies.

**v. Strengthening Enforcement Mechanisms**

- a. Reform Labour Inspection Framework – Increase the frequency and quality of labour inspections, supported by trained personnel and digital monitoring tools.
- b. Enforce Minimum Wage Compliance – Establish a system of periodic minimum wage reviews tied to inflation and cost of living, with penalties for non-compliance.
- c. Combat Bonded Labour – Strengthen enforcement of the Bonded Labour System (Abolition) Act, 1992, through targeted inspections and rehabilitation programs for affected workers.

**vi. Promoting Workplace Safety**

- a. Adopt Comprehensive Safety Standards – Enforce rigorous workplace safety regulations aligned with international best practices (e.g., UK’s Health and Safety Executive model).
- b. Regular Safety Audits – Mandate periodic safety audits in industries prone to hazardous conditions, such as mining and garment manufacturing.



**vii. Enhancing Social Protection Coverage**

- a. Expand EOBI Coverage – Simplify registration processes and incentivize employers to enroll workers in the Employees Old-Age Benefits Institution (EOBI).
- b. Introduce Universal Social Protection Framework – Develop provincial frameworks that extend social protections like housing, healthcare, and pensions to all workers, including those in rural and informal sectors.

**viii. Encouraging Unionization and Collective Bargaining**

- a. Simplify Union Registration Processes – Reduce bureaucratic hurdles and establish protections against employer retaliation to encourage union formation.
- b. Empower Trade Unions – Increase union participation in policymaking and strengthen their capacity to advocate for workers’ rights.

**ix. Technological Integration**

- a. Leverage Technology for Transparency – Implement digital platforms for fund disbursement, compliance monitoring, and grievance redressal to reduce inefficiencies and corruption.
- b. Real-Time Data Collection – Develop a labour market information system to monitor employment trends, identify gaps, and guide policy interventions.

**x. Adopting Global Best Practices**

- a. Skill Development Programs – Partner with industries to introduce vocational training and dual education systems similar to Germany’s model.
- b. Progressive Wage Policies – Establish a Fair Wage Commission to periodically adjust wages based on economic conditions, following Australia’s example.
- c. Anti-Discrimination Legislation – Implement hiring and workplace equality measures akin to Canada’s Equal Employment Opportunity (EEO) framework.

**xi. Stakeholder Engagement and Public Awareness**

- a. Promote Tripartite Collaboration – Enhance engagement among government, employers, and labour unions to address systemic issues and foster collective solutions.
- b. Public Awareness Campaigns – Educate workers about their rights and employers about their responsibilities under labour laws, focusing on informal and marginalized workers.

**xii. Economic Incentives for Compliance**

- a. Introduce Tax Breaks for Compliant Employers – Offer financial incentives to employers who adhere to labour laws, formalize their workforce, and provide social protections.
- b. Subsidized Welfare Contribution – Provide partial subsidies for welfare contributions to encourage the inclusion of informal workers in social protection schemes.

**xiii. Case Scenario Based Recommendations**

- a. Train law enforcement officials, labour inspectors, and judiciary on bonded labour laws and human rights frameworks to ensure proper enforcement.
- b. Establish dedicated expedited trial forums for bonded labour cases to expedite justice.
- c. Implement stricter penalties under the PPC and ensure regular monitoring of kiln owners and labour contractors.
- d. Launch awareness programs targeting brick kiln workers, emphasizing their rights under the Bonded Labour System (Abolition) Act, 1992 and other labour laws.

**10. PRACTICAL IMPLEMENTATION PLAN**

**I. Short Term (1–3 Years)**

- a. Legal and Policy Reforms:
  - i. Develop a Unified National Labour Policy to harmonize provincial laws.

- ii. Update the Factories Act, 1934, incorporating gig economy challenges, flexible work, and modern occupational safety standards.
  - iii. Amend the Workers Welfare Fund Ordinance, 1971 to include informal sector workers.
  - iv. Introduce simplified union registration processes to encourage unionization.
  - v. Mandate gender-specific welfare initiatives, including maternity leave and workplace accommodations.
- b. Institutional Strengthening:
- i. Allocate additional funding and resources to provincial labour departments.
  - ii. Establish accountability mechanisms for WWF and WWBs.
  - iii. Train inspectors on modern enforcement techniques and digital tools.
  - iv. Develop a centralized digital worker registration platform for informal workers.
- c. Workplace Safety and Social Protection:
- i. Enforce safety audits for high-risk industries like mining and garment manufacturing.
  - ii. Expand EOBI registration to cover informal workers.
  - iii. Conduct awareness campaigns about worker rights and employer responsibilities.

## **II. Medium Term (3–5 Years)**

- a. Policy Alignment and Inclusion:
- i. Align provincial labour laws with ILO conventions.
  - ii. Introduce a Universal Social Protection Framework for all workers, focusing on healthcare, pensions, and housing.
  - iii. Implement gender equity provisions by increasing women's participation in union leadership.
- b. Institutional Development:
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- i. Create a federal-provincial labour coordination committee to ensure policy coherence.
  - ii. Digitize and streamline grievance redressal mechanisms.
  - iii. Expand capacity-building initiatives for labour inspectors and officials.
- c. Technology and Skill Development:
- i. Develop vocational training centers in partnership with industries following Germany's dual education model.
  - ii. Leverage technology for real-time monitoring of labour laws and fund disbursements.

### **III. Long Term (5–7 Years)**

- a. Legal Reforms:
  - i. Periodically update labour laws to adapt to emerging challenges such as automation.
  - ii. Enforce laws to formalize informal workers and reduce bonded labour.
- b. Institutionalization of Best Practices:
  - i. Institutionalize partnerships with international organizations like ILO for sustained technical assistance.
  - ii. Scale up vocational and skill development programs.
- c. Economic Incentives and Sectoral Development:
  - i. Provide tax incentives to compliant employers.
  - ii. Expand subsidies for welfare contributions, especially targeting SMEs.

### **IV. Case Scenario based Implementation Framework**

- a. Conduct raids and free workers trapped in bonded labour under the supervision of law enforcement on urgent basis.
- b. Set up alternate dispute resolution mechanisms to hear cases on an expedited basis of bonded labours.
- c. Build rehabilitation centers providing education, skills training, and psychosocial support to freed labours.

- d. Incorporate anti-bonded labour themes into school curriculums to foster awareness and conduct media campaigns.

11. LOG-FRAME

Objective	Key Activities	Indicators	Timeline	Stakeholders	Resources Required
<b>PLIMS</b>	Develop a centralized database	Digitization of Labour Record	Short Term	Federal Government Provincial Government	Infrastructure and Skill support from existing Federal and Provincial entities. BISP, NADRA, Provincial IT Boards.
<b>Develop a Unified National Labour Policy</b>	Draft and consult stakeholders for a National Labour Policy.	Policy finalized and approved by federal government.	Short Term	MOPHRD Provincial Labour Depts.	Expert consultants, workshops, funding
	Review and align Provincial Labour laws	Number of aligned provincial labour laws.	Medium Term	MOPHRD Provincial Labour Depts.	Legal experts, coordination meetings
<b>Formalize the Informal Sector</b>	Create a digital platform for informal worker registration.	% increase in registered informal workers.	Short Term	Provincial Labour Depts. NGOs	IT infrastructure, training programs
	Launch formalization incentives, including tax breaks/incentives.	Number of formalized small businesses.	Medium Term	FBR Employers Federation	Financial support, advocacy campaigns

<b>Enhance Workplace Safety</b>	Conduct mandatory safety audits in hazardous industries.	Reduction in workplace accidents.	Short Term	Employers Labour Inspectors	Safety equipment, inspection resources
	Align safety standards with ILO guidelines and enforce penalties for violations.	Compliance with safety standards in targeted industries.	Medium Term	MOPHRD Provincial Labour Depts.	Technical experts, monitoring tools
<b>Expand Social Protection</b>	Simplify EOBI registration processes and expand coverage.	% increase in EOBI coverage.	Medium Term	EOBI Employers	Technology upgrades, field campaigns
	Simplify & Digitalize the procedures for availing the WWB and ESSI benefits	Number of labours availing the services	Short Term	Provincial Labour Depts.	Funding Institutional support from Provincial IT Boards
	Introduce universal social protection schemes targeting rural and informal workers.	Number of new beneficiaries under social protection.	Long Term	Provincial Labour Depts. ILO	Funding, social security experts
<b>Promote Gender Equity</b>	Mandate gender-specific workplace initiatives.	% increase in female workforce participation.	Short Term	NGOs Employers	Advocacy and training programs
	Ensure union representation for women and marginalized groups.	% representation of women in unions.	Medium Term	Labour Unions Civil Society	Legal provisions, outreach campaigns

<b>Vocational Training and Skills Development</b>	Partner with industries to establish vocational training centers.	Number of trained workers entering the formal sector.	Medium Term	Industries Vocational Institutes (NAVTTTC)	Public-private partnership funding
	Introduce technology-enabled dual education systems.	Number of dual-education programs operational.	Long Term	MOFE&PT Provincial Industries Depts.	Digital infrastructure, training modules
<b>Strengthen Governance and Transparency</b>	Digitize fund disbursement and grievance redress mechanisms.	Time reduction in fund disbursement and complaint resolution.	Medium Term	WWF Provincial WWBs	IT systems, training
	Conduct regular audits of welfare fund utilization.	Number of published audit reports.	Long Term	Auditor General of Pakistan	Audit teams, funding
	Translation of Labour Laws in simplified Urdu language	Increase in number of complaints from labours / employers	Short Terms	Provincial Labour Depts.	Legal and Translation Expertise

11.1 Case Scenario based Log Framework (Micro Level)

Based on the case scenario (Brick Maker’s Case) assessment in the Situational Analysis of the study above, following log frame is being given to propose remedial measures to be implemented as a Short Term Plan to address the issue pertaining to Brick Kiln labours:

<b>Objective</b>	<b>Activities</b>	<b>Outputs</b>	<b>Outcomes</b>	<b>Indicators</b>	<b>Means of Verification</b>	<b>Assumptions/Risks</b>
Objective 1: Enhance enforcement of bonded labour	Train law enforcement, labour inspectors, and judiciary on bonded labour laws	Training sessions conducted for 500 officials within six	Improved enforcement of bonded labour laws.	Number of officials trained, number of inspections conducted, reduction in	Training reports, attendance records, inspection reports.	Political will for enforcement exists; sufficient training budget allocated.

	and human rights frameworks.	months in each month.		bonded labour cases.		
	Establish expedited trial forums for bonded labour cases in key districts.	At least three trial forums established within six months.	Faster resolution of bonded labour cases.	Number of trial forums established, average case resolution time reduced.	Forum establishment reports, judiciary progress reports.	Judiciary cooperation; availability of judges and resources.
	Conduct regular monitoring of kiln owners and labour contractors through surprise inspections.	Monthly inspections conducted across major kiln clusters.	Improved compliance with labour laws.	Number of inspections, percentage of compliance among kiln owners.	Inspection logs, compliance reports.	Adequate resources for monitoring available; corruption minimized.
	Conduct raids to rescue bonded workers in collaboration with law enforcement.	At least 500 bonded workers freed within six months.	Reduced prevalence of bonded labour in targeted regions.	Number of workers rescued, follow-up reports on rescued individuals.	Raid reports, rescue records, media coverage.	Political and social resistance minimized; safety of workers and officials ensured.
Objective 2: Raise awareness about bonded labour laws and workers' rights.	Launch awareness campaigns targeting brick kiln workers and communities through media and grassroots outreach.	At least 10 media campaigns and 20 community sessions held.	Increased awareness among workers about their legal rights.	Number of campaigns conducted, percentage increase in worker awareness (pre- and post-campaign surveys).	Media coverage, attendance logs, survey results.	Campaigns reach vulnerable workers; sufficient engagement from media and communities.
Objective 3: Support rehabilitation of freed workers.	Set up alternate dispute resolution mechanisms to address labour-related grievances and disputes.	Three dispute resolution centers operational in kiln-dense districts.	Freed workers have access to justice and grievance redress.	Number of disputes resolved, average resolution time.	Center records, case logs, satisfaction surveys from workers.	Dispute resolution mechanisms are accessible and efficient.



	Build temporary rehabilitation centers to provide education, skill training, and psychosocial support to freed workers and their families.	Two rehabilitation centers established, supporting 500 individuals each.	Freed workers reintegrated into society with enhanced livelihood opportunities.	Number of workers supported, types of services provided, number of workers employed after rehabilitation.	Rehabilitation center records, skill training logs, employment statistics.	Sufficient funding and expertise for center operations; coordination with NGOs.
Objective 4: Foster long-term awareness and prevention.	Incorporate anti-bonded labour themes into school curriculums and foster awareness among children.	Curriculum revisions completed, and teaching materials distributed to 200 schools in affected areas.	Improved understanding of bonded labour among youth.	Number of schools implementing curriculum, percentage of students aware of bonded labour issues (post-intervention survey).	Curriculum materials, teacher and student feedback, school reports.	Curriculum changes are approved and implemented on time.
	Conduct media campaigns on the socio-economic impact of bonded labour and the importance of rehabilitation.	At least five nationwide media campaigns aired on TV, radio, and social media platforms.	Greater public awareness about bonded labour and its consequences.	Number of campaigns aired, viewership and engagement metrics, increase in public awareness (survey results).	Media campaign metrics, survey results, online engagement analytics.	Media platforms cooperate; messages reach target audiences effectively.

## 12. CONTINGENCY PLAN

To mitigate implementation delays and ensure continued progress despite economic, political, or administrative challenges, following Contingency Plan is being proposed:

- i. Decentralized Pilot Programs – Initiate smaller-scale pilot projects in highly industrialized regions (e.g., Punjab and Sindh) to demonstrate success and gain broader support.
- ii. Public-Private Partnerships (PPPs) – Engage private sector leaders and international donors to co-fund and co-manage vocational training centers, safety audits, and social protection schemes.
- iii. Incremental Legal Reforms – Prioritize less contentious legal amendments to achieve quick wins while building consensus for more comprehensive reforms.
- iv. Leverage Technology – Use mobile platforms for worker registration and awareness campaigns to bypass bureaucratic inefficiencies.
- v. Stakeholder Advocacy – Build coalitions of trade unions, NGOs, and international organizations to lobby for reforms and provide technical support.

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Aspect	Pakistan	Malaysia	Gap Analysis based on OIPA Framework
<b>Labor Laws and Framework</b>	<b>Industrial Relations Act, 2012 (Section 37):</b> Provides for the establishment of labor courts for resolving disputes.	<b>Employment Act, 1955 (Section 60):</b> Ensures basic employment protections, including hours of work, rest periods, and overtime.	<b>Public Policy:</b> Pakistan's fragmented and outdated laws lead to inconsistent labor rights enforcement. Malaysia's unified and modernized policies provide a consistent framework. <b>Strategy Leadership:</b> Pakistan's decentralization leads to lack of coordinated leadership in labor law enforcement. Malaysia's central leadership ensures uniformity and stronger strategic direction. <b>National Delivery:</b> Malaysia delivers uniform protection to workers; Pakistan's delivery is hindered by provincial disparities.
	<b>Minimum Wages Ordinance, 1961 (Section 3, 5):</b> Sets out the federal minimum wage but lacks strict enforcement mechanisms.	<b>Minimum Wages Order, 2020 (Section 3):</b> Ensures nationwide application and updates based on inflation and cost of living adjustments.	<b>Public Policy:</b> Section 3 of Pakistan's law lacks adequate regulatory oversight, leading to implementation issues at the provincial level. Malaysia's policy ensures uniformity through centralized enforcement. <b>National Delivery:</b> Pakistan's minimum wage is poorly enforced across regions, while Malaysia effectively adjusts wages to meet current economic conditions.
<b>Labor Rights Enforcement</b>	<b>Factories Act, 1934 (Section 2, 17, 41):</b> Defines regulations for factory workers but limited in its scope for enforcement.	<b>Factories and Machinery Act, 1967 (Section 8, 10):</b> Establishes clear safety protocols for factory environments, ensuring worker protection.	<b>Public Policy:</b> Pakistan's outdated laws fail to keep up with modern industrial practices, leading to insufficient worker protection. Malaysia's framework is more modern, addressing health and safety concerns with a more comprehensive approach. <b>National Delivery:</b> Malaysia ensures more effective delivery of safety standards in workplaces compared to Pakistan's limited oversight.
	<b>Labour Courts (Article 37, Industrial Relations Act, 2012):</b> Provides for the establishment of labor courts to handle disputes.	<b>Labor Department (Under Industrial Relations Act, 1967, Section 12):</b> Governs the operations of the Labor Department, ensuring active enforcement and dispute resolution through the Department of Labour.	<b>Public Policy:</b> Pakistan's labor court system (Article 37) is underfunded and slow to resolve disputes. Malaysia's active Labor Department (Section 12) ensures that disputes are addressed quickly and systematically. <b>Strategy Leadership:</b> Leadership in Pakistan's labor dispute resolution is fragmented, whereas Malaysia's department operates as a single cohesive entity with clear leadership. <b>National Delivery:</b> Delivery in Pakistan is slow, while Malaysia's Department of Labor delivers timely enforcement of workers' rights.
<b>Workers Welfare Fund (Section 11, Industrial Relations Act, 2012):</b> Fund established to provide financial	<b>Department of Labour (Act 176):</b> Enforces welfare measures and social protections through regular	<b>People and Processes:</b> Pakistan's welfare fund (Section 11) is underutilized and poorly managed, with a lack of monitoring. Malaysia's welfare fund under Act 176 is more effective and ensures regular oversight and broad coverage. <b>National Delivery:</b> Pakistan's welfare delivery is fragmented and	

Aspect	Pakistan	Malaysia	Gap Analysis based on OIPA Framework
	assistance but limited to certain sectors.	monitoring and welfare fund provisions.	inconsistent, while Malaysia ensures national-level coverage with regular monitoring.
<b>Social Security</b>	<b>EOBI Act, 1976 (Section 5, 12):</b> Provides old-age benefits, but coverage is limited to formal sector workers, leaving informal sector workers without protection.	<b>Employees' Provident Fund (EPF) Act, 1991 (Section 5):</b> Guarantees retirement benefits with compulsory contributions from both employers and employees.	<b>Public Policy:</b> Pakistan's EOBI (Section 5) is outdated and only covers formal sector workers, neglecting informal workers. Malaysia's EPF policy (Section 5) provides comprehensive coverage and mandatory contributions from all employees. <b>Strategy Leadership:</b> Pakistan's leadership has not implemented policies to ensure universal social protection. Malaysia's government leadership ensures the universal participation of employees in social protection schemes. <b>National Delivery:</b> Pakistan's delivery of social security is insufficient and excludes large sectors of workers. Malaysia delivers social security to a wider population with guaranteed retirement benefits.
	<b>Workers Welfare Fund (WWF) Ordinance, 1971 (Section 4):</b> Provides welfare benefits but fails to reach all employees, especially in rural or informal sectors.	<b>Social Security Organization (SOCCSO) Act, 1969 (Section 7, 9):</b> Ensures social security for employees through contributory benefits such as health, injury, and death benefits.	<b>Public Policy:</b> Pakistan's WWF lacks effective legal structure and doesn't cover informal workers, leaving them vulnerable. Malaysia's SOCCSO Act (Section 7, 9) extends comprehensive health, injury, and death benefits to a wide range of workers. <b>People and Processes:</b> Pakistan's welfare system has low efficiency and is underfunded, while Malaysia's welfare system is robust with clearer processes for claims and coverage. <b>National Delivery:</b> Pakistan's welfare delivery is inefficient, while Malaysia ensures that welfare services are available to a broad range of workers.
	<b>Punjab Employees Social Security Act, 1965 (Section 8):</b> Provides benefits but restricts access to formal-sector employees only.	<b>Employment Insurance System Act, 2017 (Section 14, 15):</b> Extends unemployment insurance benefits to insured employees and offers re-employment services.	<b>People and Processes:</b> Pakistan's system under Section 8 restricts benefits to a narrow group, while Malaysia's Employment Insurance System (Section 14, 15) offers reemployment services and broader coverage for workers. <b>National Delivery:</b> Pakistan's social security programs have limited reach, while Malaysia's Employment Insurance provides more comprehensive and dynamic solutions for workers.

Aspect	Pakistan	Malaysia	Gap Analysis based on OIPA Framework
<p><b>Minimum Wage</b></p>	<p><b>Minimum Wages Ordinance, 1961 (Section 3, 5):</b> Sets federal minimum wages, but enforcement is inconsistent across provinces.</p>	<p><b>Minimum Wages Order, 2020 (Section 3):</b> Mandates uniform minimum wages applicable nationwide, with periodic updates based on cost of living.</p>	<p><b>Public Policy:</b> Pakistan's federal minimum wage is not effectively enforced due to provincial autonomy. Malaysia ensures nationwide implementation of a uniform minimum wage.</p> <p><b>Strategy Leadership:</b> Leadership in Pakistan's labor policy lacks coordination between federal and provincial governments. Malaysia's leadership ensures that minimum wage policies are uniformly applied.</p> <p><b>National Delivery:</b> Pakistan's delivery of minimum wage enforcement is inconsistent, while Malaysia effectively delivers nationwide wage policies.</p>
<p><b>Workers' Rights in Informal Sector</b></p>	<p><b>Labour Policy, 2010 (Section 9):</b> Aims to provide welfare benefits to informal workers but lacks implementation mechanisms.</p>	<p><b>Self-Employment Social Security Scheme, 2018 (Act 820):</b> Extends social protection benefits to informal workers, including self-employed individuals.</p>	<p><b>Public Policy:</b> Pakistan's policy for informal workers lacks practical mechanisms for implementation, while Malaysia has recently extended social protection to informal workers through Act 820.</p> <p><b>People and Processes:</b> Pakistan's policies are weak in reaching informal workers, whereas Malaysia's processes are designed to effectively target and protect this segment.</p> <p><b>National Delivery:</b> Pakistan's delivery is poor, leaving informal workers without social protection. Malaysia provides comprehensive coverage for informal sector workers.</p>
<p><b>Trade Unions and Industrial Relations</b></p>	<p><b>Trade Union Act, 1926 (Section 6, 8):</b> Establishes unions but faces challenges in terms of membership and collective bargaining.</p>	<p><b>Trade Unions Act, 1959 (Section 3):</b> Establishes strong unions with legal recognition and ensures their role in collective bargaining.</p>	<p><b>Strategy Leadership:</b> Pakistan's unions are weak due to low membership and legal challenges, while Malaysia's unions are powerful and play a significant role in industrial relations.</p> <p><b>Public Policy:</b> Pakistan's policies restrict effective unionization, while Malaysia's policies actively support strong, representative trade unions.</p> <p><b>National Delivery:</b> Pakistan's delivery of union rights is ineffective, whereas Malaysia ensures that trade unions actively participate in collective bargaining and policy development.</p>
<p><b>Migrant Workers</b></p>	<p><b>Industrial Relations Act, 2012 (Section 8, 9):</b> Addresses collective disputes but fails to encourage active dialogue between government, employers, and employees.</p>	<p><b>Industrial Relations Act, 1967 (Section 13):</b> Promotes tripartite dialogue between government, employers, and unions, aiming to resolve disputes peacefully and amicably.</p>	<p><b>Strategy Leadership:</b> Pakistan's industrial relations system lacks effective dialogue mechanisms. Malaysia ensures active participation of unions, employers, and the government in policy development.</p> <p><b>National Delivery:</b> Pakistan's dispute resolution system is slow, while Malaysia's tripartite approach leads to more proactive and efficient resolution.</p>
	<p><b>Emigration Ordinance, 1979 (Section 5):</b></p>	<p><b>Immigration Act, 1959/63 (Section 55):</b> Provides legal</p>	<p><b>Public Policy:</b> Pakistan's laws are outdated and ineffective in protecting migrant workers, while Malaysia has robust laws that protect migrant</p>

Aspect	Pakistan	Malaysia	Gap Analysis based on OIPA Framework
	<p>Regulates the emigration process, but migrant workers face significant exploitation due to lack of enforcement and protection.</p>	<p>protection to migrant workers, ensuring their welfare and regulating their employment conditions.</p>	<p>workers' rights and regulate their employment.  <b>People and Processes:</b> Pakistan's lack of enforcement and inadequate process for migrant protection leads to exploitation. Malaysia's well-structured process ensures better worker protection.  <b>National Delivery:</b> Pakistan's migrant worker protection delivery is inadequate. Malaysia ensures efficient migrant worker management and protection.</p>
	<p><b>Overseas Employment and Welfare Fund Act, 1980 (Section 3):</b>  Attempts to protect migrant workers, but gaps remain in the implementation.</p>	<p><b>Private Employment Agencies Act, 1981 (Section 8):</b> Regulates private employment agencies dealing with migrant labor to prevent exploitation and ensure safe working conditions.</p>	<p><b>Public Policy:</b> Pakistan's law is limited in coverage and doesn't adequately address migrant worker challenges, while Malaysia's comprehensive laws ensure migrant protection and effective oversight of recruitment agencies.  <b>National Delivery:</b> Pakistan's delivery of migrant worker protection is inadequate, while Malaysia ensures better regulation of private agencies and migrant workers' rights.</p>