

Evolution of the industrial relations system in Pakistan

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First published 2009

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The evolution of industrial relations in Pakistan

ISBN: 978-92-2-122788-5 (print)

ISBN: 978-92-2-122789-2 (web pdf)

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Printed in India

Preface

The year, 2009, marks the 70th anniversary of the ILO Convention on the Right to Organize and Collective Bargaining, 1947 (No. 98), a fundamental convention widely ratified in South Asia. To commemorate the event and to better understand the role that collective bargaining has played as a mechanism to regulate relations between workers and employers, the International Labour Organization (ILO) Subregional Office for South Asia is publishing a series of studies on the current status and evolution of industrial relations in Bangladesh, Pakistan, Sri Lanka, and three states in India – Maharashtra, Tamil Nadu, and West Bengal.

The studies, the first of this nature produced in the subregion in the last decade, aim at providing an insight into workers' and employers' organizations in the subregion, collective bargaining trends and coverage, dispute settlement and existing mechanisms to solve them, and recent tripartism and social dialogue practices. The studies also seek to assess the degree to which industrial relations have now been decentralized and examine the extent to which collective bargaining is providing an

effective framework for governing collective labour–management relations at various levels. The studies pay particular attention to collective bargaining as a wage fixing mechanism and assess its relevance as part of the whole system of wage fixing.

Access to data and statistics has been a challenge in all countries. Ministries of labour do not systematically register agreements, compile data, or analyse data on collective bargaining. With a few exceptions, the trends identified in the papers are based on the experience and perceptions of practitioners, the social partners, and officials from the labour administration.

All studies were presented and discussed at tripartite meetings and the views of the social partners incorporated in the text to the extent possible. The research will form the basis for a comparative analysis of industrial relations systems in South Asia, to be developed in 2009.

The ILO will be holding a subregional workshop in Sri Lanka in October 2009 to better understand the links between globalization, industrial relations, and collective bargaining. It will cover South Asia and China, and seek tripartite consensus on a set of proposals for a more conducive environment for sound collective bargaining in both the private and the public sector. It is hoped this will form the ILO's agenda to promote collective bargaining in future years.

The ILO would like to thank Sabur Ghayur for producing the paper on Pakistan. We hope the study will be used as tools by policy makers, social partners, and other relevant stakeholders to assess existing laws and practices and orient future action in the field of industrial relations.

The research project was coordinated by Marleen Rueda, senior specialist on social dialogue and labour administration, at the ILO SRO. A number of industrial relations specialists have contributed to reviewing the papers in the series: Susan Hayter, Gotabaya Dasanayaka, Prof. Venkata Ratnam, Chang-Hee Lee, John Ritchotte, and Limpho Mandoro.

Acknowledgements

This study, part of selected country studies carried out by the International Labour Organization (ILO) in South Asia, would not have been possible without the detailed discussions held with and the feedback provided by Zahoor Awan, regional general secretary, and Khalilur Rehman, chairman, of the Legal Committee of the Pakistan Workers' Federation (PWF); Ehsanullah Khan, chairman, Workers'–Employers' Bilateral Council of Pakistan (WEB COP); Syed Nazar Ali, chief executive officer, Skills Development Council (SDC); and Zafar Mueen Nasir, former director, Policies, Policy Planning Cell (PPC), and chief, Research, Pakistan Institute of Development Economics (PIDE).

A preparatory meeting organized by the ILO in New Delhi, India, in September 2007, with the lead researchers as well as the project coordinator, Marleen Rueda, and other ILO experts, helped in understanding the focus and output visualized from this kind of a cross-country study and also provided an opportunity for greater interaction.

The comments made by Marleen Rueda; Khurshid Ahmed of the Pakistan Workers' Federation; and the representatives of the Employers' Federation of Pakistan on the November 2007 draft of this paper have been useful and have helped in improving it.

A tripartite consultation organized on the revised draft in March 2009 in Karachi also helped in getting feedback from the stakeholders; this version incorporates the comments and suggestions made at the consultation meeting.

The research assistance provided by Mansoor Zaib Khan, former assistant director, PPC; Zeshan Ghayur, graduate studies student; and Farhan Ghayur, manager, Centre for Labour Advocacy and Dialogue, has been helpful not only in statistical work, but also in preparing notes of the meetings. The extended hours of work in office and also at home, taking up even weekends, could have not been possible without my caring and smiling wife, Roobika Sabur.

The author owes a debt of gratitude to all these people and expresses his heartfelt thanks.

Sabur Ghayur
Islamabad, Pakistan
June 2009

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1. Introduction

The industrial relations system refers to a regulatory framework and a mechanism that governs workplace relations. It is defined as “the interaction between employers and employees or their representatives and the mechanism by which the standards and other terms and conditions of employment are negotiated, adjusted, and enforced” (Azucena, 1999). Thus, an industrial relations system establishes rules that govern this process. Harmonious industrial relations promote efficiency, productivity, and decent work. Indeed, participative and mutually respecting industrial relations advance cooperation, enhance productivity, and promote trust, thereby reducing antagonism and exploitation. Besides the government, employers’ and workers’ organizations are the key players in an industrial relations system. However, the role of trade unions is unique in addressing the core issues of wages, working conditions, and job security. Indeed, an enabling environment is the outcome of government policies duly endorsed by the social partners – the employers and the workers.

The social development and well-being of all, without any discrimination, has now come to be globally accepted as a prerequisite for the future progress of human society. This realization has come about in the wake of a global transformation that has failed to address poverty, unemployment, inequality, and breakdown of the social fabric. This process has been found to be associated with the dismantling of labour protections. Labour market flexibility is the buzzword today and a surge in irregular work is the outcome. Serious labour market implications are a commonly observed phenomenon today. Unemployment and poverty are raising concern as is the quality of employment. Many employed people are found working in conditions that are far off the yardstick as laid down in the ‘decent work’ programme of the International Labour Organization (ILO).

The situation emerging in the wake of the global transformation attributed to market liberalization and deregulation – unemployment, poverty, inequality, and further marginalization of the marginalized – has been further aggravated by the global financial crisis, which started in the US financial markets and spread fast to other industrialized countries, transforming into a full global economic crisis. The ILO estimates that the current global meltdown will result in additional unemployment of 35-50 million people.

Mergers and acquisitions (M&As), though important to stay competitive, are invariably accompanied by layoffs, redundancies, dismissals, or, at best, job relocations. Adequately evolved and implemented employment protection mechanisms could play an important role in addressing this issue. The growing inter-industry linkages as manifested in M&As, establishment of subsidiaries, supply chains, and production and marketing networks are often found to lead to yet another issue of concern: employers’ lack of regard for their responsibilities towards environmentally sustainable production, global standards, including the Core Labour Standards (CLSes), and to the societies and cultures in which they operate. Investment policies that target investors, especially foreigners and multinational corporations (MNCs), by offering hosts of incentives and concessions, even relaxation in labour laws, are not uncommon (Suzuki and Ghayur, 2003; Ghayur, 1997).

These developments have implications for the workforce, employment, and working conditions. In fact, they have made job, income, and retirement benefit losses *fait accompli* for working people and work aspirants. A system of bipartism and tripartism set well in place is a prerequisite for ensuring a social dimension to the development pursuits of a country and for providing a level playing field to both workers and employers. In fact, the role of industrial relations is becoming even more important in the wake of globalization and the current global

meltdown in particular. It is, for example, crucial in building consensus on labour market flexibility, employment protection, and social security. Respect and implementation of labour rights are fundamental in creating conditions of work that ensure freedom, dignity, security, and equal opportunity for all. Thus, industrial relations are the key to a peaceful and economically prosperous society based on social justice and equitable distribution of development benefits. Engaging in policy dialogue is a dimension increasingly attributed to and taken up by trade unions, especially in the wake of liberalization, privatization, and deregulation – a role now acknowledged for the labour movement (Suzuki and Ghayur, 2003; Lee and Rhee, 2001).

1.1 The Pakistan scenario

The role of industrial relations is increasing in Pakistan due to the changing structure of the economy and the growing share of the industrial sector. It is, nevertheless, important to emphasize that though it is an important stakeholder, Pakistan's labour movement, despite the merger of the three affiliates of the International Confederation of Trade Unions (ICTU) into the Pakistan Workers' Federation (PWF) in September 2005, remains splintered along ethnic, sectarian, linguistic, and regional lines. Trade union federations are often centred on personalities.¹ Very few of them attempt to organize at the grass-roots level, but prefer to compete for the loyalty of the various enterprise based unions, thus promoting instability. Over the past ten-15 years, average membership has stabilized at about 135 members per union, down from nearly 2,000 per union immediately after independence. Union dues are not paid in many instances, so the trade unions' incomes are low. This seriously affects their activities and services to members and creates dependence on external funding for their trade union work (Nasir, 2006; Ghayur, 2006).

The labour movement attributes this malaise to the historical factors impeding the effectiveness of trade unions. The PWF, for example, points out these impeding factors:

- The feudal system prevalent in the country;
- The hostile and feudal attitude of employers, who do not accept the collective voice of the workers through their representative trade unions;
- The role of the state, which, instead of becoming a “model employer”, is restricting the fundamental rights of workers, including freedom of association through formation of independent trade unions and the right of collective bargaining;
- Pakistan remaining mostly under “military rule” after independence; and
- The general anti-trade union attitude prevailing in the country.

No doubt Pakistan's labour movement operates under a barrage of restrictive laws. The government has powers to intervene legally in the internal affairs of trade unions. Hostility from employers and at times from officials is not uncommon. No wonder attempts to form trade unions are loathed and resisted (Ghayur, 1996). The current number of organized workers is minimal, with an estimated 6.3 per cent of the non-agricultural labour force, and a mere 2.2 per cent of them have collective bargaining agent (CBA) status. Several major groups of workers are excluded from trade unionism by law, including those in the agricultural sector (about half the workforce), teachers, health workers, civil servants, and public sector workers. Even workers in

¹The ICTU, after integration with the World Confederation of Labour (WCL), became the International Trade Union Confederation (ITUC) in 2007.

export processing zones and special economic zones have not been able to get their right to organize and bargain collectively till date (Nasir, 2001; Ghayur, 1993).

This situation notwithstanding, the labour movement did resort to nationwide industrial action in the late 1960s. The introduction of two legislations created great unrest among the workers. These laws not only banned the workers' fundamental right to go on strike, but also enabled the Registrar of Trade Unions to suspend office bearers of trade unions and cancel the registration of trade unions through an executive order.

This 'retrogressive' labour legislation brought all the national federations under one umbrella to develop and maintain unity by forming a Joint Labour Council. Despite the ban on strikes, the workers of the railway, telephone, postal, and electricity services went on strike to press for their demands. The countrywide strike call of March 1969 led to the shutdown of electricity supply in major cities for two hours in the evening. This struggle, no doubt, played an important role in highlighting labour issues to political parties and policy makers. Consequently, the Pakistan Tripartite Labour Conference (PTLC) was convened in 1969. The PTLC-69 led to the passage of the Industrial Relations Ordinance of 1969 (IRO-69), which incorporated the concept of electing a collective bargaining agent through secret ballot by the workers.

These observations notwithstanding, the developments and policy initiatives in this decade are pointing towards efforts at safeguarding and protecting the rights of working people. The Pakistan Decent Work Country Programme (PDWCP) was launched by the government together with its social partners in September 2005. This was followed by the ratification of the remaining CLSes by the government. In 2006, the Pakistan cabinet of ministers approved the Labour Inspection Policy and the Labour Protection Policy. Laws dealing with employment and working conditions have been merged and a draft employment and service conditions act (ESCA) was prepared and circulated during the PTLC held in February 2009 (PTLC-09).² The National Employment Policy (NEP), which upholds the vision of promoting decent work for all, was prepared and widely circulated in the second half of 2007. It was followed by stakeholders' consultations in all the provincial capitals. The NEP was finalized in early 2008. The National Emigration Policy (NEMP), which focuses on promoting emigration, protecting emigrants, promoting the welfare of those left behind, and the effective re-integration of returning migrants, was prepared and circulated to stakeholders seeking their feedback in 2008; it was finalized in January 2009.³

The main purpose of this paper is to document developments and concerns with regard to unions, unionism, employment patterns, and industrial relations. It looks into the evolution of the industrial relations system in Pakistan with a focus on the legal framework, dealing with the formation of unions, collective bargaining, and the role of the government and social partners. It also looks into the dispute settlement mechanism, collective bargaining, and social dialogue.

The study is organized in the following manner. This introductory section is followed by an analysis of employment and labour market indicators in Section 2. This is followed by a discussion on the legal framework, dealing with working conditions and industrial relations, in Section 3. Workers' and employers' organizations are discussed in Sections 4 and 5, respectively. Wages are analysed in Section 6, while collective bargaining is covered in Section 7. Dispute settlement is presented in Section 8. Tripartism and social dialogue are covered in Section 9. The paper ends with concluding remarks in Section 10.

²An earlier draft of the proposed act was also circulated in the second half of 2007 to the stakeholders to seek their comments and feedback.

³Both of these policies, though finalized, are awaiting submission to the federal cabinet of ministers for presentation and approval.

The analysis in this paper is based on: a) secondary data on the variables indicated in the preceding paragraph; b) use of official records for gathering missing information; and c) discussions held with 'key informants', such as employers, trade union leaders, and some concerned government officials and academics. The labour market indicators used in this paper are based on six Labour Force Surveys (LFSes) conducted during the period from 1996–97 to 2005–06. However, the LFS 2006-07 has been used for some indicators.

Nevertheless, the analysis in this paper has been constrained by data limitations, as identified here:

- Non-availability of consistent data on labour market indicators;
- Non-comparable data, such as population censuses and LFSes using different definitions and reference periods for determining labour market participation;
- Absence of reliable and detailed data on employment, wages, and labour costs in the manufacturing sector;
- Non-availability of data on manufacturing sector employment – small, medium and large scale – by type (whether regular, part time, or casual);
- Non-availability of data on number of trade unions, federations, and membership;
- Non-availability of data on collective bargaining agreements, including nature and coverage; and
- Non-availability of data on industrial actions and work stoppages.

2. Labour market indicators

Pakistan's population, estimated at 155.37 million in 2005-06, is growing at the rate of 1.90 per cent annually. The demographic profile of the population, which indicates that 30 per cent of it is below 10 years of age and 12.9 per cent in the age group of 10-14 years, has led to a high dependency ratio. This phenomenon will increase the number of annual entrants into the labour market in the medium and long term. The growth of the labour force will increase not only due to the demographic composition of the population, but also because of the increasing labour force participation rate (LFPR), especially that of women.

Thus, the most important labour market challenge relates to the generation of decent and productive employment opportunities at least commensurate with the additional entrants in the labour market; increasingly, they will need to be educated and trained. Currently, the LFPR is estimated to be 32.2 per cent. On this basis, the labour force of Pakistan was estimated at 50.05 million during 2005–06 (*See Table 1*).

Pakistan's unemployment rate of 6.2 per cent accounts for 3.1 million unemployed people. The situation has been improving since 2001–02, when the rates peaked to 8.3 per cent. The most significant labour market development relates to declining unemployment, albeit slowly. This downward trend is being sustained (*See Table 1*).

Table 1
Labour market activity of the population (10+)

Year	Population (M)	Activity rate (%)	Labour force (M)	Employed (M)	Unemployed (M)	Unemployment rate (%)
1990–91	112.61	27.52	30.99	29.04	1.95	6.3
1991–92	115.54	27.64	31.94	30.07	1.87	5.9
1992–93	118.50	27.38	32.45	30.92	1.53	4.7
1993–94	121.48	27.40	33.29	31.68	1.61	4.8
1994–95	124.49	26.99	33.60	31.80	1.80	5.4
1995–96	127.51	27.00	34.43	32.58	1.85	5.4
1996–97	130.56	28.22	36.84	34.59	2.25	6.1
1997–98	133.48	28.92	38.64	36.36	2.28	5.9
1998–99	136.69	28.91	39.52	37.19	2.33	5.9
1999–00	139.76	28.51	39.84	36.72	3.12	7.8
2000–01	142.86	28.48	40.69	37.50	3.19	7.8
2001–02	146.75	28.48	40.69	37.50	3.19	7.8
2002–03	149.65	29.61	44.12	40.47	3.65	8.3
2003–04	152.53	30.41	43.74	40.38	3.36	7.7
2005–06	155.37	32.21	50.08	46.94	3.10	6.2

Source: Pakistan Economic Survey 2005–06

2.1 The employment situation

Estimates show that of the 46.94 million employed in 2005–06, as many as 37.81 million were males and only 9.13 million were females (*See Table 2*). Employment generation has been higher in rural areas than in urban areas – this is attributed to an expanding rural economy, mainly due to the focus of the government on agriculture and livestock, in particular dairy and milk production. A number of schemes initiated in rural areas under public sector development programmes (PSDPs) during 2003–07 also contributed to job growth. During this period, robust growth in the industry and services sector, mainly in urban areas and coinciding with increasing consumer spending, led to a rise in employment. It is worth mentioning that the low employment growth during the 1990s was the result of low GDP growth and smaller PSDP allocations to the social sector.

Table 2
Distribution of employed persons by region

Year	Pakistan			Urban			Rural		
	Both	Male	Female	Both	Male	Female	Both	Male	Female
1996–97	34.13	29.53	4.58	10.31	9.45	0.85	23.87	20.12	3.74
1997–98	35.94	30.93	5.00	10.78	9.99	0.78	25.15	20.92	4.22
1999–00	36.3	31.21	5.08	10.07	9.19	0.87	26.23	21.98	4.24
2001–02	38.9	33.19	5.69	12.2	11.00	1.22	26.7	22.19	4.47
2003–04	42.00	34.69	7.06	13.1	11.76	1.35	28.6	22.93	5.71
2005–06	46.94	37.81	9.13	14.46	12.80	1.66	32.48	25.01	7.47

The agricultural sector continues to be the dominant employer of the workforce in Pakistan. Shifts in cropping patterns, better input and output prices, cultural practices, and water availability still carry considerable employment and productivity potential. The share of employment in manufacturing is small – just 13.7 per cent. However, the focus on consumer appliances, auto, engineering, chemicals, and information and communication technologies (ICT) has had a positive impact on industrial activities. Indeed, these industries also demonstrate greater backward and forward linkages, thus carrying potential for larger employment generation. The wholesale and retail trade is playing just as significant a role in employment creation. It accounted for 14.3 per cent of employment in 2005–06. Social, community, and personal services and construction are other important sectors providing employment (*See Table 3*).

Table 3
Percentage distribution of employed persons by major industry

Year	Agriculture	Mining, quarrying	Manufacturing	Construction	Electricity and gas	Trade	Community services	Financial institutions	Social services	Not defined
1996–97	44.2	0.1	11.1	6.8	1.0	14.6	5.7	1.0	15.6	0.04
1997–98	47.3	0.2	10.0	6.3	0.7	13.9	5.5	0.9	15.4	0.1
1999–00	48.4	0.1	11.5	5.8	0.7	13.5	5.0	0.8	14.2	-
2001–02	42.1	0.1	13.8	6.1	0.8	14.8	5.9	0.9	15.5	-
2003–04	43.1	0.1	13.7	5.8	0.7	14.8	5.7	1.1	15.0	0.1
2005–06	44.1	0.1	13.7	6.2	0.7	14.3	5.7	1.1	14.1	-

Structural transformations are taking place in employment status. Self-employment is declining and the number of unpaid family helpers (UPFHs) is rising. Is the rise in UPFHs an indicator of policy outcome – that an increasing number of households are finding their economic activities rising and so needing more UPFHs? There is also a decline observed in the ‘employer’ category (*See Table 4*). As much as 72.9 per cent of the non-agricultural workforce is engaged in informal sector activities (*See Table 5*).

Table 4
Regional distribution of employed persons by employment status

Year	Employer			Self-employed			Unpaid family helpers			Employees		
	Pakistan	Urban	Rural	Pakistan	Urban	Rural	Pakistan	Urban	Rural	Pakistan	Urban	Rural
1996–97	1.1	2.6	0.4	42.2	33.1	46.1	20.3	9.3	25.1	36.4	55.0	28.4
1997–98	0.9	2.3	0.3	41.5	33.4	45.0	22.4	9.3	28.0	35.3	55.1	26.7
1999–00	0.8	2.3	0.2	42.2	33.9	45.6	21.4	10.0	26.1	35.6	53.9	28.1
2001–02	0.8	1.9	0.3	38.5	30.5	42.2	20.8	9.7	25.9	39.9	57.9	31.6
2003–04	0.9	2.3	0.2	37.1	31.6	39.6	24.1	10.8	30.3	37.9	55.3	29.9
2005–06	0.9	2.1	0.36	34.9	31.3	36.6	27.0	11.2	33.9	37.3	55.4	29.2

Table 5
Percentage distribution of non-agriculture workers in the informal sector

Year	Pakistan			Urban			Rural		
	Both	Male	Female	Both	Male	Female	Both	Male	Female
1996–97	34.13	29.53	4.58	10.31	9.45	0.85	23.87	20.12	3.74
1997–98	35.94	30.93	5.00	10.78	9.99	0.78	25.15	20.92	4.22
1999–00	36.3	31.21	5.08	10.07	9.19	0.87	26.23	21.98	4.24
2001–02	38.9	33.19	5.69	12.2	11.00	1.22	26.7	22.19	4.47
2003–04	42.00	34.69	7.06	13.1	11.76	1.35	28.6	22.93	5.71
2005–06	46.94	37.81	9.13	14.46	12.80	1.66	32.48	25.01	7.47

The LFS defines the informal sector as: a) all household enterprises owned and operated by own-account workers, irrespective of the size of the enterprise (informal own-account enterprise); b) household enterprises owned and operated by employers with less than 10 persons engaged; and c) excluding all household enterprises engaged in agricultural activities or wholly engaged in non-market production.

Despite its growing size, the informal sector continues to be largely “invisible” and “neglected”. Sufficient information is lacking concerning its employment patterns, the nature and extent of its activities, and the characteristics of its participants, which leads to an absence of information on region, trade, and activity specific employment potential.

This type of employment pattern, nevertheless, has implications for industrial relations. While the existing labour laws limit their application to the “formal sector”, or those establishments that employ more than ten workers, organizing the workforce engaged in the agriculture and informal sectors is a serious challenge. Even the official mechanisms of enforcement and labour inspection are currently incapable of responding to this huge segment of the employed.

2.2 New forms of employment and areas of concern

The transformation of the economic, social, and political environment of the economy has brought about changes in the labour–management relationship. Traditionally, labour relations revolved around unions, management, and their collective bargaining relationship, focusing on economic aspects such as growth, productivity, quality, and remuneration for work. The difference in the perceptions of employers and workers led to the evolution of the industrial relations system, comprising legislation and administrative procedures and the institution of collective bargaining, to strike a balance of interests between the two extremely unequal parties. Labour relations systems, earlier narrowly defined as worker–management relations in the local and national context, have undergone a sea change in the emerging global economy. Market forces and global politics now impact upon the world of work much more than the mediation of social actors, legal norms, or state interventions.

In the Pakistani context, when the ‘employees’ category of employed people is looked at in terms of employment category – regular, casual, piece rate, or apprentice – a rather discomfoting situation is observed (*See Table 6*). Only 56 per cent employees have regular work. Employees engaged in casual work are 27 per cent and those engaged in piece rate work are 16 per cent. Almost half of the jobs in the manufacturing sector are either casual or piece rate. While the electricity sector has the largest number of regular employees (97.5 per cent), construction has the lowest (6.5 per cent). The percentage of regular employees in finance, services, trade,

transport, agriculture, and mining are 89, 86, 70, 60, 26, and 21 per cent, respectively. About a third of the employees in the agriculture, manufacturing, and mining sectors are engaged in piece rate work. The proportion of apprentices is insignificant, the maximum being 2 per cent of the employees in manufacturing. Quality of employment is thus an area of concern even in the 'employees' category. These broad conclusions and developments in the labour market, however, need detailed analysis – by gender, area, and literacy, for example – of the data set as available from the micro files of the LFSes of different years.

Table 6
The vulnerable nature of employment of 'employees' (%)

	Regular	Casual	Piece rate	Apprentice
Agriculture	26	42	31	1
Mining	21	49	30	0
Manufacturing	51	16	31	2
Electricity	97.5	2	0.5	0
Construction	6.5	76	17.5	0
Trade	70	19	10	1
Transport	60	28	11	1
Finance	89	7	3	1
Services	86	8	5	1
Total employment	56	27	16	1

Source: LFS 2005–06

Note: Based on the calculations made from the micro files of LFS

Less remunerative and productive work currently affects a significant proportion of the employed. Poor working conditions in significant workplaces are also not uncommon (Ghayur, 2007). The changing work patterns and new forms of employment are more in the direction of making the employed more vulnerable.

The most significant change in the world of work, which has affected industrial relations, is the changing employment patterns. As can be seen in Table 6, long term employment – or regular employment – is being replaced with casual and piece rate employment. The increasing trend of contract employment as well as home based workers has added yet another dimension to the changing employment pattern. The workforce that once used to be more or less organized in large industrial units in well defined workplaces now stands mostly unorganized, fragmented, and dispersed in various smaller locations and unconnected spaces. This transformation has led to increasing inequality of income, poverty, and insecurity.

3. Legal framework and industrial relations

The constitution of Pakistan contains provisions for the economic and social well-being of the people and for the promotion of social justice. Fundamental rights with regard to the security of life or liberty, prohibition of slavery and forced labour, and the right to form associations or unions, among others, are enshrined in the constitution; any law, custom, or usage inconsistent with these fundamental rights is void and the state is prohibited from making any law which takes away or curtails these fundamental rights. The constitution thus supports the progress of labour legislation for the benefit of the working people.

Under articles 141 and 142 of the constitution, both the national Parliament and the provincial assemblies can make laws with regard to any matter contained in the Concurrent

Legislative List.⁴ Even the provisions for legislation in the field of labour as contained in the Constitution of 1973 were quite similar to those outlined in the Constitutions of 1956 and 1962.

Most of the rights and privileges secured to the working people of Pakistan under labour laws are enshrined in chapter IV of the constitution, which stipulates the fundamental rights of the citizens. Article 9 stipulates that no person shall be deprived of life or liberty, save in accordance with the law. Article 11 prohibits slavery and all forms of forced labour and trafficking in human beings. Article 17 deals with freedom of association and provides that “every citizen shall have the right to form associations or unions, subject to any reasonable restrictions imposed by law in the interests of morality or public order”. All laws inconsistent with fundamental rights are void. This is provided in article 8, subsections 1 and 2, of the constitution.

Pakistan has also ratified all the Core Labour Standards (CLSes) of the ILO as well as international instruments on the rights of the child and elimination of discrimination against women.

Pakistan has ratified 34 ILO Conventions (33 in force), including all the eight CLSes:

- Freedom of association (C87 and C98);
- Abolition of forced labour (C29 and C105);
- Equality at work (C100 and C111);
- Elimination of child labour (C182); and
- Minimum age of employment (C138).

Pakistan has also ratified the Convention on the Rights of the Child (CRC), the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), and the Anti-Slavery Convention of the United Nations (UN). The national laws controlling the incidence of child labour and bonded labour include the Employment of Children Act, 1991, and the Bonded Labour System Abolition Act, 1992.

It is worth mentioning that Pakistan inherited important labour legislation that was formulated in the days before its independence. Important amongst these are those pertaining to industrial relations: a) the Industrial Dispute Act, 1936; and b) the Trade Union Act, 1926. These laws were undoubtedly far more progressive as the entire workforce, except the police, the military, and state administration employees, had the right to form and join trade unions of their own choice and exercise the right of collective bargaining and even going on strike. The trade unions were even allowed to maintain funds for the political party of their own choice in order to gain political support on labour issues in Parliament.

Later labour legislation, however, weakened these fundamental rights of the workers. While the Ayub Khan era in the 1960s led to rapid industrialization and increased the industrial labour force considerably, it also witnessed retrogressive labour laws. The ban on the right to strike under the Industrial Dispute Ordinance of 1959 weakened the labour movement and

⁴The subject of labour falls under the Concurrent Legislative List, which forms part of the constitutional amendment adopted in 1973. This list comprises 47 entries, of which the entries which concern labour are: a) No. 26 – welfare of labour, conditions of labour, provident fund, employers’ liability, workmen’s compensation, and health insurance, including invalidity pension and old age pension; b) No. 27 – trade unions and industrial and labour disputes; c) No. 28 – the setting up and carrying out of labour exchanges, employment information bureaus, and training establishments; d) No. 30 – regulation of labour and safety in mines, factories, and oilfields; e) No. 31 – unemployment insurance; and f) No. 45 – inquiries and statistics for the purpose of any of the matters in this list.

hindered the protection of workers' rights. Furthermore, the imposition of a compulsory adjudication system – normally taking years in litigation from one court to another – deprived workers of their due right to share the profits of industry through collective bargaining.

The Ministry of Labour and Manpower (MOLMP) is responsible for making labour laws in the country and it does this through a consultative process. The existing labour laws – 74 in number and a number of them corresponding to the ILO Conventions ratified by the Government of Pakistan – can be broadly grouped into six major categories:

- Industrial relations;
- Employment and service conditions;
- Occupational safety and health;
- Human resource development (HRD) and technical and vocational education training (TVET);
- Social safety nets and social security; and
- Wages and remuneration.

However, for the purposes of this paper, we focus only – and briefly – on the laws governing industrial relations and employment and service conditions (*See Table 7*).

Table 7
Major labour legislations in the area of industrial relations and employment and service conditions

S. no.	Classification of labour laws	Current legislation	Corresponding to ILO Convention(s) ratified by Pakistan by year
1.	Industrial relations	Industrial Relations Act, 2008	• Right of Association (Agriculture) Convention, 1921 (No. 11), ratified in 1923 • Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87), ratified in 1951 • Right to Organize and Collective Bargaining Convention, 1949 (No. 98), ratified in 1952
2.	Employment and service conditions	• The Factories Act, 1934 • The West Pakistan Industrial and Commercial Employment (Standing Orders) Ordinance, 1968 • The West Pakistan Shops and Establishments Ordinance, 1969 • Children (Pledging of Labour) Act, 1933 • The Payment of Wages Act, 1936 • The Employment (Record of Services) Act, 1951 • Coal Mines (Fixation of Rate of Wages) Ordinance, 1960 • The Road Transport Workers' Ordinance, 1961 • The Minimum Wages Ordinance, 1961 • The Minimum Wages for Unskilled Workers Ordinance, 1969 • The Employees' Cost of Living (Relief) Act, 1973 • The Employment of Children Act, 1991 • The Mines Act, 1923	• Hours of Work (Industry) Convention, 1919 (No. 1), ratified in 1921 • Night Work (Women) Convention, 1919 (No. 4), ratified in 1921 • Persons (Industry) Convention, 1919 (No. 6), ratified in 1921 • Weekly Rest (Commerce and Offices) Convention, 1957 (No. 106), ratified in 1923 • Night Work (Women) Convention (Revised), 1934 (No. 41), ratified in 1935 • Underground Work (Women) Convention, 1935 (No. 45), ratified in 1938 • Minimum Age (Industry) Convention (Revised), 1937 (No. 59), ratified in 1955 • Night Work (Women) Convention (Revised), 1948 (No. 89), ratified in 1951 • Night Work of Young Persons (Industry) Convention (Revised), 1948 (No. 90), ratified in 1951 • Equal Remuneration Convention, 1951 (No. 100), ratified in 2001 • Discrimination (Employment and Occupation) Convention, 1919 (No. 111), ratified in 1961 • Forced Labour Convention, 1930 (No. 29), ratified in 1957

The labour laws in Pakistan, it is important to point out, do not apply to workplaces employing less than ten workers and do not recognize those who work less than 180 continuous days in a year.

3.1 Labour policies in Pakistan: A brief overview

A new labour policy is under preparation as a follow-up to the directives of the Prime Minister at the PTLC-09. When announced, it will be Pakistan's sixth labour policy, the earlier ones having been announced in 1955, 1959, 1969, 1972, and 2002.

3.1.1 Labour Policy, 1955

Encouraging growth of genuine and healthy trade unions to promote collective bargaining and raising the living standards of workers were laid down as the two main objectives of the first Labour Policy of Pakistan. The Policy stressed a sound and healthy relationship between employers and employees as a prerequisite for increased productivity and efficiency. Since the country had an extremely poor base in the initial year of its existence, the government naturally stressed on industrial peace and harmony and speedy dispensation of justice in disputes between employers and employees through legal procedures, such as: a) joint consultations; b) mediation; c) conciliation; and d) arbitration – with awards and decisions enforced. For this purpose, the government desired that genuine trade unionism should be recognized.

The Policy also recognized that trade unionism should not be exploited for political purposes nor the workers victimized for legitimate trade union activities. Furthermore, it stressed on preventing labour exploitation and increasingly promoting their welfare. The Policy stated that the government would endeavour in particular to: a) raise the standards of living and the working conditions of the workers and ensure them a reasonable return for their labour; b) provide social security for all workers by means of social insurance or otherwise to the extent the economic conditions permitted; c) ensure that factories had proper standing orders and that a system of works committees was introduced in the interest of efficiency and production; d) ensure that the workers were properly fed, clothed, and housed, better educated, given technical training, and provided with adequate amenities; and e) encourage healthy trade unionism and collective bargaining.

It is worth mentioning that the Policy also aimed at amending the Industrial Disputes Act, 1947, and the Trade Union Act, 1926. These planned amendments were meant to: a) bring permanent or semi-permanent workers employed by contractors under the scope of the West Pakistan Shops and Establishments Ordinance, 1969; b) establish an adequate inspectorate to examine safety and hygiene conditions in factories; c) stabilize workers' real wages; and d) put a levy on coal mines to provide welfare amenities for miners. The period following the Policy, however, witnessed no concrete steps in accomplishing its stated objectives.

3.1.2 Labour Policy, 1959

The ILO Conventions ratified by the Government of Pakistan were indicated as the basis for developing the new Labour Policy of 1959. The Policy stressed the growth of healthy trade unionism for a stable social structure, with industrial and social peace ensuring greater production and equitable distribution of wealth. A sound and healthy employer–employee relationship was indicated as a prerequisite for increased productivity. Recognizing industrial peace to be essential for economic progress, the Policy discouraged agitation and tension in industrial and commercial undertakings and other fields of human endeavour. It stressed

settlement of disputes between management and labour through legal means, such as joint consultations, voluntary arbitration, conciliation, mediation, and adjudication.

The Policy stressed that stepping up of production was linked with providing suitable social amenities to workers of all categories, meeting as far as possible their requirements of health, education, recreation, housing, and wages, among other things.

Some other important aspects covered by the Policy were: a) stepping up of production; b) suitable measures for reducing unemployment; c) continuation of non-fee employment agencies and a programme of employment information; d) proper employment of seamen inside and outside the country through regular employment, fair wages, and social amenities; e) the need for private industries and organizations to pool their resources to provide for social amenities; and f) the possible imposition of welfare taxes on commercial, industrial, and other private establishments to raise adequate funds for welfare measures for employees.

As a follow-up to the Policy, new labour legislations were enacted. These included:

- The Road Transport Workers' Ordinance, 1961;
- The Minimum Wages Ordinance, 1961;
- The Apprenticeship Ordinance, 1962;
- The Provincial Employees' Social Security Ordinance, 1965;
- The Excise Duty on Minerals (Labour Welfare) Act, 1967;
- The West Pakistan Industrial and Commercial Employment (Standing Orders) Ordinance, 1968; and
- The Companies' Profits (Workers' Participation) Act, 1968.

The government, however, failed to develop appropriate enforcement machinery despite the Policy's special stress on "strict enforcement of all the labour laws".

3.1.3 Labour Policy, 1969

A tripartite labour conference was convened in May 1969. Consequently, the government admitted to past failures and announced a new industrial relations policy in July 1969. The new Policy said that "the Government was aware that the previous labour policies had failed because adequate machinery for their implementation had not existed. Every step would therefore be taken to ensure that this Policy was supported by the necessary machinery for its implementation."

The Labour Policy, 1969, laid stress on creating an environment in which both employers and workers could work together to achieve greater productivity. It attempted to allow the free exercise of freedom of association for all workers and to encourage the growth of trade unions. The Policy introduced a collective bargaining mechanism for the settlement of industrial disputes and its extension to the public sector. However, it prohibited strikes in the essential services sector. It introduced the fixation of minimum wages and created a workers' welfare fund for the construction of workers' houses. Occupational health and safety of the workers was also stressed in the Policy.

The Policy led to the promulgation of the Industrial Relations Ordinance, 1969 (IRO-69), on 23 November 1969 and the provision of 100 million Pakistani rupees (Rs) for workers' housing needs.

Nevertheless, the Policy did not achieve its stated objectives and goals – its failure was primarily due to inadequate enforcement.

3.1.4 Labour Policy, 1972

The fourth labour policy was announced in 1972 by the then ruling Pakistan People's Party (PPP) government. The PPP was elected on a socialist agenda with a definite "pro-labour" manifesto. The Labour Policy of 1972 had three important dimensions: a) immediate increase in workers' real wages; b) increased production; and c) promotion of trade unionism and amelioration of the workers' lot. It included 22 specific points:

1. Workers' participation in the management of industry;
2. Appointment of auditors by the collective bargaining agent. The auditors were to be paid by employers to audit their company accounts in certain cases;
3. Increase in workers' share in profits from 2.5 per cent to 4 per cent (and later to 5 per cent) under the Companies' Profits (Workers' Participation) Act, 1968;
4. Nomination or election of 'shop stewards' in each factory department to take care of workers' day to day problems;
5. Labour court decisions in 20 days for individual cases;
6. Settlement of disputes through works councils; the councils were to deal with all matters that would go before the labour courts;
7. Both workers or employers permitted to take matters to the labour courts,
8. Curtailment of strike and lockout notice periods from 21 days to 14 days. Strikes, however, linked with a prior secret ballot;
9. Lower supervisory levels in banks included in the definition of 'workman';
10. Statement of reasons for termination of services of a worker;
11. Provision of statutory bonus of up to one month's wages and linked with profits;
12. Payments under the Wages Act, 1936, and the West Pakistan Industrial and Commercial Employment (Standing Orders) Ordinance, 1968, made applicable to all contractors;
13. Provision of funds for workers' housing through the Workers' Welfare Fund Ordinance, 1971, and representation for workers;
14. Free education up to matriculation for one child per worker by the employer;
15. Workers' 2 per cent social security scheme contribution dropped, employers' contribution raised from 4 per cent to 6 per cent;
16. Introduction of old age pension for workers;
17. Compulsory group insurance against death and injury for off-duty workers;
18. Extension of social security to domestic servants;
19. Revision of laws governing safety measures and workmen's compensation against death and injury;

20. Introduction of a group incentive scheme;
21. Creating a quasi-judicial body – the National Industrial Relations Commission (NIRC) – to promote genuine trade unionism, help form unions and federations (at the industry and national levels), and to deal with cases of victimization and unfair labour practices; and
22. Eventual linking of wages to prices, but no immediate increase in cash wages.

As a follow-up to the policy, specific measures taken related to: a) amendments in the Industrial Relations Ordinance, 1969, and the West Pakistan Industrial and Commercial Employment (Standing Orders) Ordinance, 1968; b) enactment of the Workers' Children (Education) Ordinance, 1972; c) enactment of the Employees' Old-Age Benefits Act, 1976; and d) enactment of the Employees' Cost of Living (Relief) Act, 1973.

Furthermore, restrictions on trade union registration were removed, thus encouraging more trade unions.

3.1.5 Labour Policy, 2002

The 2002 Labour Policy was preceded by tripartite consultations as well as discussions at the PTLC in the same year. An important element of the Policy was the government's support to bipartite and tripartite mechanisms with regard to policy formulation, self-regulation, and peaceful resolution of disputes and conflicts. The workers' and employers' organizations, the Policy stressed, would be persuaded to evolve "codes of conduct" at the level of enterprise and industry, which would lay emphasis on respect for the reciprocal rights and obligations of both the parties and enhanced confidence in the trade unions to play a positive role in organizational performance. Furthermore, to render support to bipartism, the Policy said that the "regulatory" authority of the government should be exercised in dispute resolution only in the event of the failure of the bipartite mechanisms.

The Policy set itself the goal of progressive extension of the coverage of labour laws and welfare measures to the informal economy and the unorganized sectors. The duplicitous, complicated, and even "outdated" nature of labour laws was realized by the Policy and, to address this issue, it stressed consolidation and classification of the prevailing labour laws. The laws were to be consolidated, simplified, and rationalized into six basic laws relating to: a) industrial relations; b) conditions of employment; c) payment of wages; d) human resource development (HRD); e) occupational safety and health; and f) labour welfare and social protection.

Other goals set out in the Policy were: a) legislative changes to provide easy access to speedy justice; b) promotion of employees' social security and social insurance programmes; c) effecting improvements in labour welfare institutions in the area of social security, old age benefits, and workers' welfare; d) elimination of child and bonded labour; and e) elimination of gender discrimination and reinforcing of gender equality for working women. With regard to gender equality, the Policy stressed on making workplaces conducive for women workers and promoting "equal pay for work of equal value".

Some other salient features of the Policy were:

- Labour laws and the system of labour administration to be brought in conformity with the International Labour Standards and the constitution of the Islamic Republic of Pakistan;

- Institutions responsible for social protection, social insurance, and labour welfare to be made autonomous and effective;
- A system of merit scholarships to be put in place for the higher education of workers' children;
- An inter-ministerial committee to be constituted to formulate a package of labour welfare measures for agriculture sector workers; and
- An inter-ministerial committee to be formed to address the issues arising out of globalization.

The Policy led to the formulation of two new national policies with regard to labour inspection and labour protection, both passed by the federal cabinet of ministers in 2006, but there has been no further progress. The progress on the elimination of child labour, even from hazardous occupations, notwithstanding the ratification of the relevant ILO Conventions, has been very slow. The classification of the labour laws has not proceeded beyond rhetoric and the labour welfare institutions have neither been reformed nor made autonomous. Furthermore, in the area of labour inspection, two of the country's largest provinces – Punjab and Sindh – have imposed restrictions in clear violation of the relevant ILO Convention.

3.2 Industrial relations

Industrial relations in the workplace are governed by the provisions stipulated in the industrial ordinances or acts as enacted, repealed, and modified by the government from time to time. Trade unions in Pakistan generally function on a plant-wide basis, with their membership contingent on the size of the industry or trade to which they belong. Once established, the trade unions and employers' associations have the right to draw up their constitutions and rules, elect their representatives in full freedom, organize their administration and activities, and formulate their programmes.

The drawing up of a detailed constitution is a primary requirement before any application for the registration of a trade union can be filed. Before issuing the certificate of registration, the constitution of the union is examined thoroughly by the relevant authorities.

Democracy is ensured in the internal working of trade unions. Office bearers of the trade unions have to get elected by their own members through secret ballot every two years. If there is more than one union in an establishment, these unions are required to participate in a referendum to determine the CBA union. Thus, the office bearers of a trade union are answerable to their own members during the secret ballot as well as during the referendum to other unions. The trade union that secures more than one-third of the total number of eligible votes in an establishment gets the status of CBA (collective bargaining agent).

Trade union leadership consists of a number of office bearers. The apex body of the union is the executive council or governing body, headed by the president of the trade union. The other important office bearers include vice-president, secretary, joint secretary, and treasurer. A council of representatives directly elected through votes also takes part in the crucial consultative decision making process of the union. Major decisions are shared with the members in general meetings.

There is a strong mechanism of transparency and accountability in the working of trade unions. They have to seek the support of their members through a secret ballot every third year

to get the status of CBA. Their work and performance undergoes scrutiny not only by workers, but also other contesting unions.

Trade unions have to be registered under the relevant section of the industrial relations law. The unions are registered with the registrar of trade unions of the relevant province, or with the NIRC if the industry or establishment is nationwide, after fulfilling a number of requirements. Through registration, the trade union obtains certain benefits because the registration confers on it a legal existence as an entity separate from its members.

The requisite legal support is provided by the industrial relations laws. The country has witnessed two Industrial Relations Ordinances, of 1969 and 2002, and the Industrial Relations Act, 2008 (IRA-08). The IRA-08, however, is an interim arrangement and its validity is only up to April 2010; it will stand repealed if a revised version is not tabled in Parliament before then.

The IRA-08 and its predecessors, the IRO-02 and IRO-69, set out the rules and procedures for the internal working of the trade unions and employers' organizations on democratic lines so that they represented their members in a proper manner. The IRO-69 defined the primary objective of formation of trade unions as improving relations between employers and workers and negotiating better terms of employment for their members. The laws governing industrial relations make it mandatory for every union or federation of trade unions to register with the registrar of the provincial labour departments or with the NIRC. The basic purpose of the registration is to ensure adoption of proper operating procedures by the trade unions and the following of rules and regulations in their working. This section offers a brief overview of these legislations.

3.2.1 Industrial Relations Ordinance, 1969

The promulgation of the Industrial Relations Ordinance, 1969 (IRO-69), was the first important step towards the promotion of trade unionism in Pakistan and towards the protection of workers' rights. It also provided workers the "right to strike". The IRO-69, which provided legal cover to workers to organize and bargain collectively, also laid down guidelines for dispute settlement, which included the setting up of labour courts and, importantly, the establishment of the NIRC. The IRO-69 was also the first legislation to contain specific provisions to meet the requirements of ILO Conventions No. 87 and No. 98 (*See Section 4.5.1*).

In addition to the right to form trade unions and associations and the right to collective bargaining, other salient features of the IRO-69 were mechanisms for dispute settlement. Important steps that were taken towards this end were:

- Setting up the NIRC;
- Establishing works councils in every establishment that employed 50 or more workers;
- Having nominated or elected shop stewards in establishments with 50 or more workers to act as a link between labour and management;
- Setting up labour appellate tribunals in provinces – as many one-member tribunals as the provincial governments deemed necessary;
- Conciliation: Appointing of conciliators by the government on receipt of notice of dispute from either party – employers or workers – to bring about settlement;

- Arbitration: If conciliation failed, the conciliator was to persuade the parties to agree to offer the dispute to an arbitrator;
- The parties could make a joint application for the appointment of an arbitrator; and
- Labour courts: Any collective bargaining agent or employer could apply to the labour court for the enforcement of any right guaranteed or secured under any law or any award or settlement.

The IRO-69 specified that any establishment that had one trade union with not less than one-third of the workers as its members could function as a CBA. In an establishment that had more than one trade union, the registrar would conduct a secret ballot to determine the CBA from among the trade unions that had not less than one-third of the workers as their members. The CBA was entitled to undertake collective bargaining with the employers, represent the workers in any proceedings, and nominate representatives on the board of trustees of any welfare institution, among other things. The CBA was also entitled to give notice of and declare strikes in accordance with the provisions of the IRO-69.

While the IRO-69 aimed at amending and consolidating laws relating to the formulation of trade relations, regulation of relations between workers and employers, and avoidance and settlement of disputes between them, it nonetheless bypassed numerous places of work. Its coverage did not extend to people employed in:

- The police or any of the defence services, including all institutions connected with defence;
- The state administration, other than those employed as workers in the railways, ports, telegraph, and telephone departments;
- The security operations of the national carrier, Pakistan International Airlines (PIA);
- Pakistan Television and Pakistan Broadcasting Corporations;
- Pakistan Security Printing Corporation;
- Establishments maintained for the treatment of sick, infirm, destitute, or mentally unfit people;
- Educational institutions;
- Export processing zones (EPZs); and
- Agriculture, forestry, and the informal economy.

The Essential Services (Maintenance) Act, 1952, further restricted trade union activities in relation to collective bargaining and the right to strike in many areas.

Later developments curtailed some of the workers' fundamental rights. An amendment to the Civil Services Act, for example, denied employees of government, semi-government, and autonomous bodies and public companies access to the NIRC and the labour courts.⁵ Through amendments made in 1997 in the Banking Companies Ordinance, 1962, restrictions were imposed on the exercise of trade union rights: If trade union officials had their services

⁵This amendment has since been quashed by the Supreme Court.

terminated by the management, they could no longer remain office bearers or members of the trade union; trade union activities were also restricted during office hours.

3.2.2 Industrial Relations Ordinance, 2002

Notwithstanding its importance in providing a legislative framework for industrial relations, the IRO-69 did contain areas of concern as indicated in section 3.2.1. The flaws in the IRO-69 were reviewed by the Justice (Retd) Shafi-ur-Rehman Commission in 1999 and later by the PTLC held in 2001. Accordingly, on the basis of this review and the recommendations made, the draft of a new industrial relations ordinance was prepared. The draft was presented at the meeting of the Standing Labour Committee (SLC) of the Ministry of Labour, Manpower and Overseas Pakistanis in October 2001. The SLC formed a two member subcommittee representing employers and workers.⁶ The draft IRO was subsequently reviewed by the Workers'–Employers' Bilateral Council of Pakistan (WEBCOP) and then submitted to the Ministry of Labour, Manpower, and Overseas Pakistanis (MOLMOP). Several tripartite meetings were convened to thrash out a consensus document. The federal cabinet of ministers, while approving the draft, nevertheless constituted a subcommittee of three ministers to further review the draft and suggest changes. A final version, incorporating the changes suggested by the cabinet subcommittee, was promulgated as the new Industrial Relations Ordinance in October 2002 (IRO-02).

Differences between the IRO-02 and the IRO-69

The IRO-02 extended the right to organize and join trade unions to those employed in a supervisory capacity, who had been excluded earlier from the definition of 'workman'. Only persons employed in a managerial and administrative capacity were excluded now from the definition.

The IRO-02 provided only one forum, the Joint Works Council (JWC), for workers' participation in the management of all establishments that employed more than 50 people, instead of the earlier three participatory forums, the works council, the management committee, and the joint management board. The new JWC comprised ten members, four of them workers. In case of a CBA, the workers' members had to be from its office bearers; otherwise, they were to be elected by the workers. The JWC was entrusted to deal with such matters as improvement in production and productivity, provision of minimum facilities for workers employed through contractors, promoting bilateral negotiations, safety and health, vocational training, facilitating harmonious working relations, and providing education to workers' children. The JWC was also empowered to call for reasonable information about the working of the establishment.

The IRO-02 provided for the constitution of boards of conciliators on the request of the party raising the dispute, in case of disputes involving more than one establishment in a province, in the case of an industry at the national level, or in the case of a dispute of national importance.

While both workers' and employers' bodies were termed trade unions in the IRO-69, the IRO-02 termed employers' bodies as 'associations' and workers' bodies as 'trade unions'.

The requirement of membership of workers for the registration of a third trade union in an establishment was increased from one-fifth to one-fourth. While the registration of a trade union could be cancelled by the registrar if, after holding such inquiry as he deemed fit, he found

⁶ Employers and workers were represented by Ashraf W. Tabani and M. Zahoor Awan, respectively.

that the trade union had dissolved itself or had ceased to exist, new clauses were added in the IRO-02. Under these, in addition to the earlier clauses, a trade union's registration could be cancelled if it: a) had not been a contestant for a CBA; b) had not applied for determination of a CBA; and c) had secured less than 15 per cent of the polled votes during the referendum for the determination of a CBA.

The IRO-02 laid down additional conditions in securing the rights of trade union workers and officials. In addition to prohibiting the transfer and punishment of any officer of a trade union during the pendency of the union's application for registration, the Ordinance also prohibited the transfer, retrenchment, termination, or removal from service of any worker who was an officer of a contesting trade union.

The IRO-02 also laid down that those who were convicted for criminal offences of a heinous nature, such as theft, physical assault, murder, and attempt to murder, would be disqualified from becoming officers of the trade union. Earlier, this restriction was limited to those who were found to have embezzled trade union funds.

Employers' rights included the right to manage their businesses and use their resources, including human resources, efficiently and effectively, while their obligations included respect for the rights of workers to employment, wages, decent living, and better quality of life. Workers' rights included the rights to work, wages, and association and collective bargaining.

The scope was extended to many categories of workers in establishments that were hitherto excluded. For example, also included were: a) supervisors in a factory or establishment; b) people working in hospitals, dispensaries, and clinics run on a commercial basis; c) people working at installations or in services not exclusively connected with the armed forces; and d) workers engaged through a contractor. The definition of the term, 'establishment', was changed so that all the offices and branches of an organization, wherever they were located, were treated as one establishment and so there was only one CBA for the whole organization. Furthermore, all the offices and branches of an organization, wherever they were located, were treated as one establishment in terms of balance sheets and profit and loss accounts. This has resulted in the certification of only one CBA per organization, instead of several CBAs.

The IRO-02 empowered the labour courts to award compensation equal to basic pay plus house rent for a 12-30 month period, in lieu of reinstatement, if a worker's employment was terminated. It also provided for appeals to the high court against an award or decision of the labour courts.

The IRO-02 eliminated the tier of the labour appellate tribunal. It withdrew the power of the NIRC to grant interim relief in case of termination or dismissal as an unfair labour practice. Furthermore, imprisonment for unfair labour practices, breach of settlement, and all other offences by employers was replaced by an enhanced amount as a fine.

In order to promote responsible trade unionism and discourage the mushrooming of trade unions in the country, it was made obligatory upon trade unions to: a) affiliate with a national level labour federation; b) participate in a referendum to determine a CBA; c) secure at least 15 per cent of the polled votes in the referendum, and to effect the election or re-election of their office bearers through secret ballot; and d) for labour federations to have at least ten affiliated unions, of which at least one should be from each province. The registrar was given the powers to cancel the registration of any second union that did not apply for secret ballot within two months of its registration or promulgation of the IRO-02. Furthermore, the tenure of the union certified to act as a CBA increased from two years to three years.

The IRO-02, however, contained some serious lacunae. The right to organize and collective bargaining was not available to workers in the agriculture sector and those in the informal economy. It was also not available to those in the police and the armed forces and from those connected with:

- Installations connected with the armed forces;
- Pakistan Security Printing Corporation;
- Security Papers of Pakistan;
- Pakistan Mint;
- The state administration;
- Establishments and institutions maintained for the treatment and care of the sick;
- The Employees' Old-Age Benefits Institution (EOBI) and the Workers' Welfare Fund (WWF); and
- The watch and ward, security, and fire services staff of oil refineries and establishments engaged in the production, transmission, and distribution of natural gas, liquefied petroleum gas (LPG) and petroleum products, and seaports and airports.

3.2.3 Industrial Relations Act, 2008

Industry and workplace relations in Pakistan are now governed by the Industrial Relations Act, 2008 (IRA-08). The IRA-08 has removed restrictions on trade union formation in the EOBI, the WWF, and the Pakistan Mint. Through a presidential order (No. 6), the law banning trade unionism in Pakistan International Airlines (PIA) has been repealed. The act has removed the obligation of a CBA to be affiliated with a national trade union federation or organization. It has withdrawn the right to organize from the workers of the Pakistan Telecommunication Authority (PTAC).

Though it allows for settlements between a group of workers and an employer, it is seen as undermining the role played by the trade unions in collective bargaining.

The definition of 'settlement' in the IRA-08, it is important to point out, is silent on collective bargaining as it terms it as "a settlement arrived at in the course of conciliation proceedings, and includes an agreement between an employer and his workmen arrived at otherwise than in the course of conciliation proceedings, where such agreement is in writing, which has been signed by both the parties thereto in such manner as may be prescribed and a copy thereof has been sent to the provincial government, the conciliator, and such other person as may be prescribed". The definition of 'employers' does not cover 'contractors', implying that contract workers do not fall under the act's purview.

While section 25 (3) prescribes that the appointment of the chairman and members of the NIRC be determined by the federal government, section 25 (2) prescribes the appointment of labour court presiding officers by the provincial governments. The IRO-02 linked such appointments to the recommendations of the Chief Justice of the Supreme Court and the various high courts.

The development of the IRA-08 did not follow a consultative process and it definitely did not involve the social partners. No wonder both workers' and employers' organizations and

WEBCOP have raised their concerns about the process by which it was arrived at and also about the IRA-08 itself.

The PWF, along with the Pakistan Workers' Confederation (PWC), has represented to the Government of Pakistan that some of the provisions of the IRA-08 are not only against the fundamental rights of workers to freedom of association and collective bargaining as enshrined in the ILO Conventions No. 87, 98, and 11, which have been ratified by the government, but also the constitutional provisions as contained in article 17 (A), which guarantees the right of freedom of association to workers. These concerns were also raised by the labour movement representatives at the PTL-09.

The IRA-08, it is important to point out, is an interim arrangement and is valid only up to April 2010. If it is not revised and presented before Parliament before April 2010, it will stand repealed.

Section 1 (3) of the IRA-08 stipulates that it shall apply to all persons employed in any establishment or industry, but not to any person employed:

- In the police or any of the defence services of Pakistan and any services exclusively connected with or incidental to the armed forces of Pakistan, including the ordnance factory maintained by the government;
- In the state administration, other than those employed as workers by the railways and Pakistan Post;
- As members of the security staff of PIA or drawing wages in pay groups not lower than Group 5;
- In the Security Printing Corporation of Pakistan or Security Papers Ltd;
- In an institution or establishment for the treatment or care of sick, infirm, destitute, or mentally unfit people;
- As members of the watch and ward, security, and fire services staff of oil refineries, airports and seaports, and establishments engaged in the production, transmission, and distribution of natural gas and LPG.

In addition, the Essential Services Ordinance gives public sector employees the right to form a union and bargain collectively, but not the right to strike. The government has the authority to ban their trade union activities at any time. The amendment made by the previous government to the Banking Ordinance of 1986 also continues to be in effect. Section 27B of this amendment says no workers who have been retrenched can be members or officers of a trade union.

3.3 Punjab Industrial Policy, 2003

On 24 June 2003, the provincial government of Punjab (Pakistan's largest province) announced the new Punjab Industrial Policy (PIP-03), which aimed to maximize business opportunities. The aim of the policy was to remove ultimately all obstacles to business and trade. As a first step, inspection of industrial units by labour inspectors was abolished. The discretionary powers of social security authorities have been completely abolished. In the place of wage related contributions, slab based annual contributions have been introduced in all establishments with 50 or fewer workers. Units paying this contribution are exempt from inspection for three years. Units employing 50 or more people are required to file a simple declaration that the

contributions made correspond to the actual number of workers. All such units are exempt from retrospective penalties and inspection during the first six months of the year.

The education cess has been abolished and all schools run through this cess have been handed over to the Punjab Education Department. Under PIP-03, the Punjab government is creating new industrial estates and upgrading existing ones through the newly created Punjab Industrial Estate Development and Management Company (PIEDMC), which is a government funded and private sector led company. PIP-03 stipulates establishing labour colonies with schools, social security hospitals, and technical training institutes.

3.4 Developments during 2003–07

The federal cabinet has agreed to certain amendments in the West Pakistan Shops and Establishment Ordinance, 1969, whereby employers are now allowed to employ workers for ten hours a day instead of eight hours, or for 60 hours a week instead of 48 hours. The amendment provides for overtime pay, but in view of the widespread corruption, while workers will be asked to work extra hours, there is little likelihood of them being paid for the overtime. Similarly, women workers will be required to work up to 10 p.m. It is feared that this may lead to their abuse. The restriction of observing paid weekly holidays on Sunday or Friday has been relaxed and employers have been given the right to observe any day of the week as a weekly holiday. Against this worrying backdrop, two new policies, the Labour Protection Policy (LPP) and the Labour Inspection Policy (LIP), have been approved by the federal cabinet.

3.4.1 Labour Protection Policy, 2006

The Labour Protection Policy (LPP), 2006, consistent with and emanating from the Labour Policy of 2002, covers five main areas:

- Basic rights, such as the right to join a trade union and bargain collectively, equal treatment and non-discrimination, and absence of forced labour and child labour;
- Working conditions, including minimum wage and above minimum wage issues, allowances and benefits, hours of work, overtime, rest breaks, leave arrangements, including annual leave, sick leave, and special leave issues, and job security provisions;
- Working environment, including protection against occupational health and safety hazards as well as illness;
- Social security, including protection against the effects of economic and social hardships, resulting from reduction in earnings due to work accidents, illness, unemployment, and retirement; and
- Living environment, including improved housing and protection against adverse living conditions, especially with regard to health and hygiene, diet, sanitation, and water supplies.

3.4.2 Labour Inspection Policy, 2006

The specific objectives of the Labour Inspection Policy (LIP) are:

- Introduction of a range of innovative approaches to labour inspection that are flexible, transparent, fair, and impartial;

- Encouraging extension of labour protection services to persons engaged in informal economy activities;
- Promotion of effective labour inspection as a means of dispute prevention and conflict reduction within enterprises;
- Encouraging and supporting the involvement of the private sector in the provision of a range of inspection services;
- Developing the capacity of labour inspectorates to assist in their transformation to modern, efficient, effective, and respected institutions; and
- Developing the capacity of workers, employers, and their respective organizations to adjust to the new approaches to labour inspection.

3.5 Escape from labour laws: Export processing zones

Foreign direct investment (FDI) is increasingly viewed in developing countries as addressing the ‘twins’ of industrial development and employment generation. Naturally, Pakistan has also laid increasing emphasis on attracting and retaining FDI. Pakistan offers a number of incentives to attract foreign investment. Besides removing restrictions on investment in most sectors, export processing zones (EPZs) and special industrial zones (SIZs) were established in different parts of the country; labour laws relating to industrial relations are not applicable in these zones.⁷

Employers in EPZs and SIZs are given a number of concessions, especially in the hiring and firing of workers and setting the terms of employment. These incentives to potential investors have mostly taken away from workers the right to organize and bargain collectively.

Employers adopt different strategies to avoid complying with labour laws. Breaking up factories into small units, firing workers, and keeping the number of reported workers to a minimum is not uncommon. Employers and investors are now able to opt for contract employment, piece rate work, and temporary workers. The globalization wave has taken away many rights from the working class. The structural adjustment policies and the process of privatization and deregulation being pursued since the early 1990s have led to greater labour market flexibility. No wonder the process is linked with increased vulnerability of the workers, in particular those in industrial undertakings, including banking and insurance.

4. Workers' organizations

Both the Industrial Relations Act of 2008 and its predecessors contained provisions for workers to form trade unions at the plant or enterprise level and join sectoral federations and national umbrella organizations in order to raise their voice and concerns nationally and protect and promote their rights. Trade unions associate themselves with similar thinking federations at the national level. These federations further associate themselves with international federations.

The information on trade unions and related indicators in Pakistan was earlier compiled and published by the MOLMP. The *Pakistan Labour Gazette*, which used to be published on a regular basis, has not had a new issue since June 2002 and has consequently provided no new information since 2001. The *Gazette* used to provide data and analysis on the number of trade unions and CBAs, their membership, number of strikes and work stoppages, number of working

⁷ Except those that have security concerns.

days lost, and number of disputes registered in the courts, among other things. Sector-wise or occupation-wise information on union memberships, division of membership between the public and private sectors, participation of women and youth in trade union activities, and the unionization rate in the informal sector remained conspicuous by their absence. Indeed, these are limitations in understanding the nature and dynamics of the trade union movement in Pakistan.

At the time of the creation of Pakistan, there were two workers' organizations – the communist All Indian Trade Union Congress (AITUC) and the reformist Indian Federation of Labour (IFL). After independence, these were reconstituted as the Pakistan Trade Union Federation (PTUF) and the Pakistan Labour Federation, which later emerged as the All Pakistan Federation of Labour (APFOL). At the time, there were only 115,000 union members: PTUF had 20,000 members in 38 affiliated unions in 1948, concentrated in the railways sector, while APFOL had 95,000 members in 49 unions, concentrated in several sectors, particularly ports, in 1949.

The PTUF was close to the Communist Party and maintained relations with the World Federation of Trade Unions (WFTU). When the Communist Party was banned in 1954, the PTUF became dormant for a while, but re-emerged in 1970. APFOL took advantage of the situation and created the All Pakistan Confederation of Labour (APCOL) with two wings – the East Pakistan Federation of Labour and the West Pakistan Federation of Labour. APCOL, which had 209 affiliates and 393,000 members, joined the ICFTU in 1951. By the mid-1950s, APCOL was recognized as the sole representative trade union by the government. The martial law regime of 1958–61 ended most trade union activities in the country and the government initiated free market capitalism. APCOL started disintegrating at this stage. In 1962, dissatisfied APCOL affiliates, notably the Petroleum Workers' Federation and the Cigarette Labour Union, broke away to form the Pakistan National Federation of Trade Unions (PNFTU).

Further splits in APCOL led to the loss of the ICFTU affiliation. In the meantime, the PNFTU applied and joined the ICFTU in November 1964. APCOL's fragments claimed the name, West Pakistan Federation of Labour. One faction finally changed its name to the All Pakistan Federation of Trade Unions (APFTU) and affiliated itself with the ICFTU in 1974. The third ICFTU affiliate emerged with its earlier name of the All Pakistan Federation of Labour (APFOL). The Pakistan Federation of Labour, created in 1960, became the National Labour Federation (NLF) in 1964 and introduced trade unionism based on Islamic themes.

The victory of Zulfikar Ali Bhutto's Pakistan People's Party (PPP) in 1972 preceded major labour unrest in the country. Though the PPP created the People's Labour Bureau and the nationalization of dozens of private factories by the Bhutto regime opened the role for trade unions through self-management committees established at the plant level, the environment also resulted in extensive fragmentation of trade unions. No wonder the multiplicity of trade unions in 1975 reduced the average membership to an all time low – 85 members per union! However, by 1977, trade union membership had reached a record of one million.

Currently, the Pakistan Workers' Federation (PWF), the merged organization of the three ICFTU affiliates, is the largest national trade union and claims close to a million members. The other significant national unions are the Mutahiddah Labour Federation (MLF) and the National Labour Federation (NLF).⁸ APTUC also has close to 100,000 members.

There are other trade unions, too, which are not really national unions covering the entire country, but still have sizeable memberships mainly in one province. These include the All

⁸ Being the political wing of the Jamaat-e-Islami, the National Labour Federation (NLF) is an important federation and its role cannot be ignored in the labour movement of Pakistan.

Pakistan Trade Union Organization (APTUO), All Pakistan Trade Union Federation (APTUF), National Trade Union Federation (NTUF), and Pakistan Trade Union Federation (PTUF). Except the NLF and APTUC, the other federations are all part of a loose umbrella organization, the Pakistan Workers' Confederation (PWC).

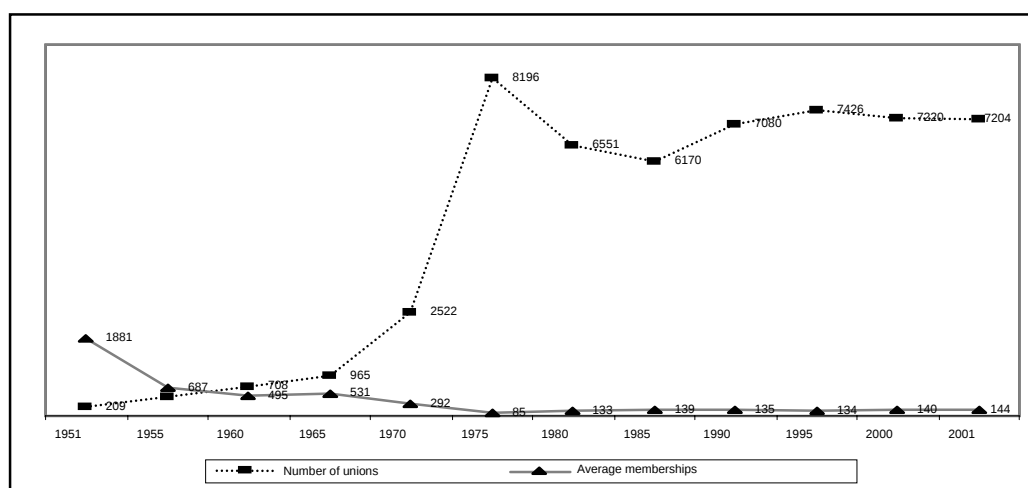
APTUC has been associated with the World Confederation of Labour (WCL). However, the WCL ceased to exist as did the International Confederation of Trade Unions (ICFTU), when both these international bodies were integrated in 2006 into the International Trade Union Confederation (ITUC) in 2006. Consequently, APTUC and the PWF are now affiliated with ITUC.

4.1 Trade union memberships

Information on trade unions and related indicators in Pakistan was earlier compiled and published by the MOLMP. However, the *Pakistan Labour Gazette*, in which this information used to appear, has not been published since June 2002, so there is no information available from after 2001.

Trade union membership in 1951 was 393,137, with 209 registered trade unions and an average membership of 1,881. At the time, around 70 per cent of the workforce was employed in agriculture and the employment size of the industrial sector was negligible. In 2001, trade union membership went up to 1,040,303 in 7,204 registered trade unions. The average membership, however, declined to 144, which is a 13 times decline as compared to the average membership in 1951 (See Figure 1). However, during this period, significant changes took place in the industrial structure, and in 2001, the share of agriculture in total employment dropped to 43 per cent, while that of manufacturing increased to almost 14 per cent. The services sector assumed importance by providing employment to more than 40 per cent of the workforce during this period.

Figure 1
Trade unions and average memberships



Some interesting points to note about trade union membership over different periods are:

- While there was a more than threefold increase in the number of registered unions during 1951–60, there was also a drop of 11 per cent in the membership – the average membership per union dropped to 495 during that period;

- During 1961–70, the number of registered unions rose by around 3.5 times, but the average membership per union dropped to 292;
- The period, 1971–80, was a golden age for trade unions in Pakistan because the registered number of trade unions reached its peak in 1976 at 8,611, but union membership could reach only 1,050,788 in 1977. Thus, the average membership of the unions during this decade declined further to 133 members in 1980;
- The first five years of the 1980s saw a decline in the number of trade unions, but the last five years saw a gradual increase. The number of registered trade unions increased by 113 per cent, while union membership rose by 128 per cent. The average membership per union improved only marginally in that it increased to 135 in 1990 from 133 in 1980; and
- The average union membership improved further, albeit in a small way, during the 1990s and stood at 144 in 2001.

Many trade unions operate at a single plant or establishment, but at the cost of the absence of any workers' organization in a large number of establishments. This multiplicity of unions can be gauged by a look at Table 8. Some important observations that are of concern are:

- While the number of trade unions is more than 7,200, there are only 1,905 CBAs – 26 per cent of these registered unions;
- The highest percentage of registered unions with CBAs are in the province of Baluchistan – 38 per cent – and the lowest in Sindh – 22 per cent; and
- The corresponding percentages for the provinces of Punjab and Northwest Frontier Province (NWFP) are 31 per cent and 29 per cent, respectively.

It is not uncommon in Pakistan that once a trade union wins CBA status, a majority of workers are found to join this winning union.

Table 8
Number of registered unions and collective bargaining agreements with memberships in 2001 by province

Province	Registered unions		Collective bargaining agents	
	Number	Members	Number	Members
Punjab	2 142	407 546	674	140 921
Sindh	4 266	494 417	981	279 857
NWFP	598	80 840	174	38 404
Baluchistan	198	28 751	76	19 516
Total	7 204	1 040 303	1 905	478 698

Source: Labour Gazette

4.2 National and industrial trade union federations

Data availability is a major constraint in the proper understanding of trade unions, unionization, and their representation in the national and sectoral or industrial federations in

Pakistan. Many national federations are found to have two lists of affiliated unions and memberships, one declared by them and the other submitted by them and registered with the NIRC. Further, many neither provide accurate information to the NIRC nor update this information on a regular basis (*See Tables 9 and 10*).

It is important to stress here that any data on trade unions, national and industrial federations, and their affiliated unions – largely on the lower side – needs to be used with ‘caution’.

The PWF, the largest national federation on the basis of the merger of the three national unions in September 2005, has also not been able to provide to the NIRC an accurate picture of its membership and its affiliated unions. While at the time of the merger congress, it declared a membership of 880,192 with 419 affiliated unions, the NIRC, on the basis of information provided by the PWF, has its membership down as 548,292 with 175 affiliated unions.

The situation with regard to other national federations (*See Table 9*) also indicates a fewer number of affiliated unions and lower membership than “declared” and “registered” with the NIRC, necessitating caution in interpreting the available information and highlighting the need for a proper database.

Information on some national federations and their affiliated unions and years of registration also point to the paucity of data and to the fact that neither the concerned federation nor the NIRC have made any significant effort to update this data. The situation indicates clearly that multiplicity is not confined to unions alone; it is equally rampant among the national federations. This divide is not fully explained along political, ethnic, or even religious grounds, nor do personal rivalries count as a significant factor.

Table 9
National federations with memberships declared and registered with the NIRC

	Name of federation	No. of latest declared and verified memberships and affiliated unions of the federations		No. of affiliated unions and registered memberships with the NIRC	
		No. of unions	Memberships	No. of unions	Memberships
1.	Pakistan Workers' Federation (PWF)	419	880 192	175	548 292
2.	Mutahiddah Labour Federation (MLF)	140	41 480	114	26 815
3.	National Labour Federation (NLF)	103	40 311	69	25 780
4.	National Trade Union Federation (NTUF)	86	46 983	41	10 521
5.	Pakistan National Textile, Leather, Garments and General Workers' Federation (PNTLGWF)	47	12 520	39	10 333

Source: ILO, 2008

Table 10
Some other national federations with affiliated unions and memberships

	Name of federation	Year of registration	Affiliated unions	Memberships
1.	Quaid-e-Azam Labour Federation of Pakistan (QLF)	2003	12	9 179
2.	All Pakistan Trade Union Federation (APTUF)	2004	10	9 032
3.	Watan Dost Mazdoor Federation (WDMF)	2003	22	6 686
4.	All Pakistan Federation of United Trade Unions (APFUTU)	1992	9	5 647
5.	Pakistan Trade Union Federation (PTUF)	2004	13	5 466
6.	United Labour Federation (ULF)	1997	19	4 742
7.	All Pakistan Trade Union Congress (APTUC) ⁹	1982	10	1 742

Source: ILO, 2008

APTUC claims that its number of dues-paying memberships, as accepted by ITUC, is 95,000 members. This number excludes memberships of APTUC affiliated unions in the informal sector, agriculture, hospitals, and the teaching community.

The paucity and lack of accuracy of information affecting adequate understanding of sectoral and industrial federations notwithstanding, the ‘constant’ in the labour movement – ‘multiplicity’ – is carried forward here as well (*See Table 11*). The information on 21 such federations points to the fact that a number of sectoral federations exist for a single industry.

Despite this sorry state of affairs, a redeeming feature is the presence of the labour movement across industry – manufacturing, services, even in local government and civic bodies, and in the informal sector.

Table 11
Industrial or sectoral federations with affiliated unions and memberships

	Name of federation	No. of affiliated unions	Total memberships
1.	Pakistan Federation of Building and Wood Workers (PFBWW), Rawalpindi	11	13 759
2.	Pakistan Oil, Gas and Mineral Workers’ Federation, Islamabad	10	8 792
3.	All Pakistan Local Government Workers’ Federation, Lahore	13	7 054
4.	Pakistan Sugar Mills Workers’ Federation, Hyderabad	14	6 795
5.	HBL Employees’ Federation, Karachi	41	5 371
6.	Cement Union Federation of Pakistan, Thatta	10	3 184
7.	Pakistan Construction Federation, Karachi	03	3 000
8.	Federation of Trade Union of Fauji Foundation, Karachi	10	2 546
9.	Pakistan Mines and Industrial Trade Union Federation, Hub Chowki Lasbella	21	2 338
10.	State Life Insurance Employees’ Federation of Pakistan, Karachi	09	2 145
11.	Pakistan Mines Workers’ Federation, Quetta	06	1 541
12.	Ittehad Labour Federation Carpet Industries, Lahore	02	1 368
13.	Uni Lever Employees’ Federation of Pakistan, Karachi	06	1 217

⁹ It may be pointed out that APTUC has indicated that the NIRC has accepted 31 unions as being registered with it.

14.	National Federation of Food, Beverage and Tobacco Workers, Karachi	07	1 205
15.	Pakistan Hotel, Restaurant, Club, Tourism, Catering and Allied Workers' Federation, Karachi	07	1 139
16.	All Pakistan PMDC Employees, Workers, and Mines Federation, Islamabad	06	1 108
17.	Employees' Federation of CDA, Islamabad	02	978
18.	National Federation of Grindlays Bank Employees' Unions, Grindlays Bank Staff Union, Lahore	06	863
19.	ABL Officers' Executive Federation of Pakistan, Rawalpindi	07	502
20.	Standard Chartered Bank Employees' Federation, Karachi	03	279
21.	21 Pakistan Central Mines Labour Federation, (PCMLF) Quetta	04	199

Source: ILO, 2008

5. Employers' organizations

The history of employers' organizations in Pakistan dates back to 1830, when chambers of commerce were set up in the Indo-Pak subcontinent, but the interests of industrialists steamed up only in 1920. The increasing conflicts of big Indian traders and industrialists led to the establishment of the Federation of Indian Chamber of Commerce and Industry (FICCI) in 1927. In 1931, the Government of India informed FICCI that under the terms of the Treaty of Versailles, FICCI could not be treated as an organization of industrial employers.

To overcome this difficulty, the All Indian Organization of Industrial Employers (AIOE) was set up in 1931. In 1933, the Bombay chamber, under which the province of Sindh was included, and the Bengal chamber took the initiative and decided to form the Employers' Federation of India (EFI). From then till independence, the northern and eastern parts of the subcontinent were looked after by the AIOE, while the southern and western parts were controlled by the EFI.

The employers' community in sectors such as manufacturing, banking, finance, insurance, and other services, including trade and commerce, is well organized and actively involved in protecting their business interests, not only through umbrella organizations such as the Federation of Chambers of Commerce and Industries (FPCC&I) and the Employers' Federation of Pakistan (EFP), but also sectoral and industry specific organizations such as the All Pakistan Textiles Manufacturers' Association (APTMA) and the Pakistan Carpets Manufacturers' and Exporters' Association (PCMEA).

Most business and trade related issues are taken care of by the FPCC&I, which has chambers in all the major cities. In addition, sector specific trade bodies also look after their interests. Matters relating to labour management relations are taken up by the EFP, which is also represented at the ILO.

In 1947, after independence, Pakistani employers established the EFP in Karachi. The affairs of the EFP are managed by the president and a 20 member managing committee, which is elected biennially. The managing committee, a policy making body, is assisted by specialized subcommittees. The functions of these subcommittees are to guide the managing committee on various matters that are pertinent to the interests of the employers and the working of the EFP. Each subcommittee is chaired by a specialist in the subject, who conducts regular meetings and advises the managing committee accordingly. The EFP is also a member of the International Organization of Employers (IOE).

EFP membership is open to all industrial and commercial establishments employing 20 or more employees as well as to registered trade bodies. Currently, the EFP has 537 industrial

and commercial establishments, both large and small, and 14 trade bodies as its members. These trade bodies have a membership of 36,685 units (*See Table 12*).

Table 12
Trade bodies affiliated with the Employers' Federation of Pakistan with memberships

S. No.	Name of trade body
1	All Pakistan Textile Mills Association
2	Karachi Chamber of Commerce and Industry
3	Filament Yarn Manufacturers' Association
4	Korangi Association of Trade and Industry
5	Lahore Chamber of Commerce and Industry
6	Overseas Investors' Chamber of Commerce and Industry
7	Pakistan Cotton Fashion Apparel Manufacturers and Exporters' Association
8	Pakistan Sugar Mills Association
9	Pakistan Knitwear and Sweater Exporters' Association
10	Pakistan Hotel Association
11	Sialkot Chamber of Commerce and Industry
12	Pakistan Jute Mills' Association
13	SITE Association of Industry
14	Pakistan Hotel Association
Total memberships	36 685

In order to contribute to the development of market based skills, the EPF has established skills development councils in all federal and provincial capitals in collaboration with the Government of Pakistan.

The EPF carries out research, publishes a bimonthly *Industrial Relations Journal*, and organizes regular workshops, conferences, seminars, and training courses to promote cooperation, harmony, and the mutual interests of employers and workers with the objective of disseminating information and knowledge about human resource development and industrial relations that affects employers.

The EPF also has collaborations with the ILO, IOE, Confederation of Asia Pacific Employers (CAPE) and Nikkerian International Cooperation Centre (NICC) in Japan.

6. Wages

One of the limitations for labour market analysis is the availability of consistent data on labour market indicators. Information on different dimensions of the economically active population is available in the Labour Force Surveys (LFSes) and population censuses, but these are not comparable as both are based on different definitions and different reference periods. The Census of Manufacturing Industries (CMI), another source of labour market information, used to provide data on employment, wages, and labour costs in the manufacturing sector, but it has not been updated since 1996–97. As a result, general wage trends are difficult to calculate. There is, however, segmented information available, which can throw some light on wage trends and income inequality. The absence of regular and quality data restrict us to working on the available data with care.

6.1 Trends in real wages

Consistent data on wages is available only for construction workers. The Federal Bureau of Statistics (FBS) used to publish data on agriculture workers, but it does not do so any longer. The yearbook published by the FBS reports data on industrial wages, but it shows wide swings in the wage rates because of yearly variations in the coverage of industries; this renders the data useless. The data derived from the CMI is not very reliable and, in any case, is not available for recent years. The LFS also collects data on wage rates. The LFS shows that the real wage rates over the two year period, 2003–04 to 2005–06, has increased by 10.5 per cent. However, it is not very clear how the wage rates of different employees have been aggregated. Therefore, the estimates of real wage rates of construction workers classified as unskilled workers, masons, and carpenters may be relatively more reliable.

We note a gradual increase in the nominal wages of all construction workers since 1993. This increase, however, is more pronounced in the three years from 2004 to 2006. During these years, unskilled workers experienced a 25 per cent annual increase, while masons and carpenters experienced a 13–17 per cent increase. The real wages show an increasing trend till 1999 for unskilled workers, after which a decline is noted up till 2003. The wages started increasing again and reached their highest level of Rs 169 in 2006. The real wages of masons show slight movements, reaching around Rs 240 up till 1998, then a further increase of Rs 10, and after that, a declining trend till 2003, when they reached Rs 231, the lowest level. The wages increased more rapidly thereafter and reached Rs 289. Similarly, the wages of carpenters show an irregular trend until 1999 and a declining trend afterwards, when wages reached their lowest level of Rs 231 in 2003. An increasing trend is being witnessed for carpenters (*See Table 13*).

During the period, 2002–04, the wages of unskilled workers, masons, and carpenters showed increases of 11.1 per cent, 6.7 per cent, and 4.8 per cent, respectively. This confirms the increase in wage rates reported in the FBS survey, but is lower than that reported in the LFS.

Table 13
Daily nominal and real wage rates of construction workers (Pakistani Rs)

Years	Construction workers					
	Unskilled workers		Masons		Carpenters	
	Nominal wage	Real wage	Nominal wage	Real wage	Nominal wage	Real wage
1993	71	122	148	255	150	259
1994	76	116	158	241	159	243
1995	88	121	178	245	180	248
1996	100	124	196	242	194	233
1997	109	124	213	243	211	241
1998	117	126	225	244	225	244
1999	125	131	245	255	245	255
2000	124	124	245	245	245	245
2001	126	122	251	242	251	242
2002	130	122	252	236	252	236
2003	132	118	258	231	258	231
2004	152	125	306	251	293	240
2005	190	145	349	266	331	252
2006	239	169	408	289	383	271

The nominal wages for agriculture workers, for which data is available till 2004–05, show a consistent increase over a period of 15 years. While real wages have been fluctuating between Rs 80 and Rs 90 over the 15 year period, in 2004–05, the wage level reached the level of 1990–91, so no change is observed if you compare only these two years (*See Table 14*).

Table 14
Trends in daily agricultural wages

Year	Nominal wage	Real wage
1990–91	36	83
1991–92	42	89
1992–93	42	81
1993–94	53	91
1994–95	56	86
1995–96	63	87
1996–97	72	89
1997–98	70	80
1998–99	80	86
1999–00	85	88
2000–01	90	90
2001–02	90	87
2002–03	95	89
2003–04	100	90
2004–05	100	83

Source: The wage figures in the agricultural sector up to 1996–97 are from the Federal Bureau of Statistics, and for later years, from the Agricultural Prices Commission

6.2 Public sector pay structure

The salary structure of public sector employees is fixed by the pay and pension commissions announced from time to time by the government. Within the government, the salary structures of the various public sector corporations are close to those of the private sector, while the rest of the government employees are accommodated within 22 grades. The First Pay Commission of 1948–49 found high disparity in the pay scales of British officials and local officers and revised the pay scales accordingly. The Commission presented a judicious pay system for all employees and its recommendations were accepted by the government. The 1970 Pay and Pension Commission recommended adequate compensation and due recognition for high calibre individuals in order to attract them to the public sector.

In 1972, as many as 650 pay scales were compressed to 22 national pay scales. These pay scales are still in use and the Pay Commissions of 1977, 1983, 1987, 1991, 1994, 2001, and 2005 have only recommended revisions with the declared objective of narrowing the gap between the lowest and the highest scales.¹⁰ However, the gap between 1991 and 2007 remains fixed at 1:9, even after the last four salary revisions.

To determine pay structure, the pay commissions consider and fix minimum wages as a reference point. Minimum wages are set so that they are sufficient to meet the basic needs of a household. Prior to the last revision in 2005, all relief and indexation granted in the previous period were merged into the basic salary.

¹⁰ A pay commission has also been appointed in 2009 to review and suggest changes.

Inflationary pressures are also considered in the revisions. In 1990–91, for example, a 39.4 per cent increase was granted to the lowest grade, Grade 1, when the inflation rate was 13 per cent. Other grade employees also received an increase in their salaries, but at a declining rate. For example, a Grade 12 employee received an increase of 27 per cent. All the grades above that received a fixed mark-up of 26 per cent. In June 1994, the increase was revised from 2.7 per cent for Grade 1 to 20 per cent for Grade 22; the inflation rate at the time was 11.5 per cent.

The next revision was carried out after a period of six years, with a shift in the existing policy. In December 2000, the maximum limit of the relief allowance (a special additional allowance) was fixed and excluded from the computation of the total basic salary. Due to this exclusion, Grades 1-17 received a wage increase from 8 per cent to 22.2 per cent, while Grades 18-22 received a wage increase of a maximum of 49.5 per cent. In the revision of 2005, all the three relief allowances granted between December 2001 and July 2005 were frozen for all the grades, and the basic minimum wages of all grades in 2001 were increased by 15 per cent to arrive at the new pay scales. The ratio of the highest to the lowest paid remained 1:9 over the four revisions. The wages of public sector employees did not take into account the inflation rates of 9.3 per cent in 2004–05 and 6.6 per cent in 2005–06. This means that although the average nominal increases fluctuated between 29.5 per cent in 1991, 9.9 per cent in 1994, 23.6 per cent in 2001, and 15 per cent in 2005, real wages continued to decline.

6.3 Industrial workers' minimum wage fixing system

The minimum wages of industrial workers in Pakistan have been fixed through legislation. The laws that relate to minimum wages in Pakistan are based on two separate systems – one seeks to fix the minimum rates of wages of unskilled workers, while the other undertakes periodic reviews of minimum rates of wages. This review is undertaken for all categories of workers employed in various industries. The laws enacted to meet these objectives are:

- The West Pakistan Minimum Wages for Unskilled Workers Ordinance, 1969; and
- The Minimum Wages Ordinance, 1961.

The West Pakistan Minimum Wages for Unskilled Workers Ordinance is applicable to all industrial and commercial establishments in Pakistan that employ 50 or more people on any day or throughout the year. While fixing the minimum rates of wages for employed unskilled workers under the Ordinance, the following points were kept in view:

- If the existing wages were higher than the minimum wages fixed, the existing wages would not be reduced. The employer would, however, be at liberty to pay higher wages of his own accord unilaterally or by collective agreement, keeping in view any consideration, including better experience and higher cost of living in a particular locality;
- The workers would continue to enjoy such facilities as accommodation, house rent, water, electricity, conveyance, free medical aid, gratuity, pension, bonus, any form of insurance, provident fund, recreation, subsidized food, education, holidays and leave with pay, attendance allowance, and any other benefits already provided by the employers; and
- Adult female workers would get the same minimum wages as male workers for work of equal value.

The minimum wage includes dearness allowance, house rent allowance, conveyance, and other allowances that are of a fixed nature. Between 1969 and 1972, no change in wages was allowed. However, to reflect the rising cost of living in the wages, the Employees' Cost of Living (Relief) Act (ECOLA) was enacted in 1973. Thus, during 1973–86, workers received a wage rise under ECOLA, which became part of their wages for the most part.

The West Pakistan Minimum Wages for Unskilled Workers Ordinance, 1969, was further amended by the Minimum Wages for Unskilled Workers (Amendment) Act, 1993, to effect a uniform increase in workers' wages throughout Pakistan by fixing them at Rs 1,500 a month. The authorized deduction from this minimum wage could only be in lieu of housing accommodation and transport, for which there were different rates in different areas. For example, housing and transport deductions in Karachi district were Rs 25 and Rs 10 per month, respectively. In industrial areas, these deductions were Rs 20 and Rs 5, respectively, while in other areas, these were Rs 15 and Rs 2, respectively.

According to the amended act, the term, 'wage', has been defined to include a cost of living allowance as admissible under ECOLA, dearness allowance, and a special allowance announced by the government from time to time before the commencement of the West Pakistan Minimum Wages for Unskilled Workers (Amendment) Act, 1993.

The Minimum Wages Ordinance, 1961, was enacted to provide for the regulation of minimum rates of wages for workers employed in certain industrial undertakings. Under the ordinance, tripartite provincial minimum wage boards (PMWBs) have been set up at the provincial level and these boards have been assigned the statutory task of reviewing the minimum rates of wages for: a) time work; b) piece rate work; c) overtime work; d) work on weekly rest days; and e) paid holidays. The minimum time rates for workers employed in piece work guarantee them minimum wages on a time basis. The PMWBs act in a recommendatory capacity – their recommendations become enforceable only if they are accepted by the respective provincial governments.

The PMWBs are also competent to review their recommendations periodically if there is any change in economic conditions and cost of living and other relevant factors. The recommendations resulting from such reviews become enforceable if they are adopted by the respective provincial governments, which are vested with the power to declare these recommendations as minimum rates of wages with any amendment or modification or revision.

The PMWBs undertake industry-wise reviews of their recommendations periodically. The different categories of workers included for wage recommendations are: a) unskilled; b) semi skilled; and c) skilled. Additional members are appointed to represent workers and employers of the industry concerned for the purpose of undertaking the review. These awards mark variations in the level of minimum rates of wages for different categories of workers, depending upon their skill, experience, expertise, and the nature of the work involved. In August 2007, for example, the PMWB of the largest province, Punjab, recommended to the provincial government the minimum wages for workers in 51 industries in *The Punjab Gazette 2007 (TPG-07)*

Besides the PMWBs, the power to determine and fix minimum wages has also been vested in the Wage Commission set up under the IRO-69 for employees of banks and financial institutions, and in the Wage Board appointed under the Newspaper Employees (Conditions of Service) Act, 1973, for newspaper employees.

The minimum wages for unskilled workers have been revised upwards quite a few times in the recent past. Revisions that have taken place in recent years are:

- Rs 1,950 per month in 1998;

- Rs 2,500 per month in 2001;
- Rs 4,000 per month in 2005;
- Rs 4,600 per month in 2007; and
- Rs 6,000 per month in 2008.

6.4 Income distribution

The level of inequality in Pakistan has tended to be moderate, with the Gini coefficient of household income at around 0.35 per cent or below (*See Table 15*). The Gini coefficient reached 0.407 per cent in 1990–91 and declined slightly to 0.400 per cent in 1996–97, but increased to 0.410 per cent in 1998–99 and 2000–01. In 1990–91, the income share of the bottom 20 per cent households fell to just 5.7 per cent, after being in the range of 7.5–8 per cent during the 1970s and the 1980s. With the share of the upper quintile rising, the ratio of the share of the top quintile to that of the bottom quintile rose to an unprecedented 8.6 per cent in 1990–91. The income share of the bottom 20 per cent of households increased from 5.7 per cent in 1990–91 to 6.2 per cent in 1998–99, but then declined to 5.2 per cent in 2000–01. It is important to point out here that throughout the 1990s, the share of the poorest was lower than in 1987–88.

Table 15
Household income distribution in Pakistan

Year	Household Gini coefficient	Household lowest 20%	Income middle 60%	Share highest 20%	Ratio of highest 20% to lowest 20%
1979	0.373	7.4	47.6	45.0	6.1
1984–85	0.369	7.3	47.7	45.0	6.2
1985–86	0.355	7.6	48.4	44.0	5.8
1986–87	0.346	7.9	48.5	43.6	5.5
1987–88	0.348	8.0	45.3	43.7	5.5
1990–91	0.407	5.7	45.0	49.3	8.6
1992–93	0.410	6.2	45.6	48.2	7.8
1993–94	0.400	6.5	46.3	47.2	7.3
1996–97	0.400	7.0	43.6	49.4	7.1
1998–99	0.410	6.2	44.1	49.7	8.0
2000–01	0.410	5.2	48.2	46.6	9.0

Source: *Pakistan Economic Survey (various issues)* and *Pakistan Institute of Development Economics (PIDE)*

Household income distribution appears to have worsened more in rural areas than in urban areas. The Gini coefficient in rural areas increased from 0.31 per cent in 1987–88 to 0.41 per cent in 1996–97 and increased further to 0.43 per cent in 2000–01 (*See Table 16*). The share of the lowest 20 per cent households has declined; those at the top have experienced gains, resulting in an increase in the highest to lowest income ratio. In the urban areas, the income inequalities seemed to have increased a little from 0.37 per cent in 1987–88 to 0.38 per cent in 1996–97; it further increased to 0.39 per cent in 2000–01. The share of the lowest 20 per cent households in urban areas increased and that of the highest income group remained somewhat constant. The changes in income distribution during the 1990s are a cause for serious concern about the distribution of the fruits of economic growth in Pakistan.

Table 16
Household income distribution by rural–urban areas

Year	Rural share		Gini coefficient	Urban share		Gini coefficient
	Lowest 20%	Highest 20%		Lowest 20%	Highest 20%	
1979	8.3	41.3	0.32	6.9	48.0	0.40
1984–85	7.9	42.8	0.34	7.0	47.7	0.38
1985–86	7.9	40.0	0.33	7.5	45.0	0.35
1986–87	8.0	39.0	0.32	7.9	44.0	0.36
1987–88	8.8	40.0	0.31	6.4	48.1	0.37
1990–91	6.0	47.4	0.41	5.7	50.5	0.39
1992–93	7.0	44.8	0.37	6.1	48.9	0.42
1993–94	7.4	43.1	0.40	6.7	47.1	0.35
1996–97	7.3	49.3	0.41	7.6	47.0	0.38
1998–99	6.9	46.8	0.40	6.0	50.0	0.33
2000–01	3.6	48.8	0.43	7.1	45.5	0.39

Source: Pakistan Economic Survey (various issues) and PIDE

7. Collective bargaining

Statutory benefits given to workers comprise:

- Workers' share in profits – 5 per cent;
- Statutory bonus – one month's pay;
- Service gratuity – 30 days' wages for each year of employment;
- Maternity benefits – 12 weeks' leave with pay;
- Children's education – Rs 100 per month;
- Construction of housing colonies for workers;
- Social security benefits such as health care for secured workers and their dependents and cash benefits in the event of sickness, invalidity, or death;
- Employees' old age benefits;
- Group insurance; and
- Holidays with pay.

In addition to these statutory benefits, under the labour laws, adjustment of rights takes place through collective bargaining, including adjudication in labour courts.

Industrial workers' wages are negotiated in the formal organized sector through the process of collective bargaining and periodically enhanced by arriving at collective agreements between the concerned parties. Under the provisions of the Industrial Relations Act, 2008 (IRA-08), a CBA can serve notice of its 'charter of demands' to the management and request initiation

of negotiations. Alternately, the management can serve a ‘notice of demands’ to its CBA under the IRA-08.¹¹

A union cannot get CBA status until and unless it has more than one-third of the total workers employed in the establishment as its members. If there is more than one union, the registrar has to notify the representative union in the establishment on the basis of a secret ballot among the members.

Collective bargaining may be about matters such as facilities in the establishment for trade union activities and procedures for settling collective disputes, including grievance and disciplinary procedures. Substantive provisions settle the terms and conditions of employment, wages and salaries, hours of work, holiday entitlement and pay, level of performance, job grading, layoffs, retrenchment, sick pay, and pensions and retirement schemes. The areas that normally form part of such negotiations are:

- Wages and salaries;
- Bonuses;
- House rent;
- Conveyance allowance;
- Production allowance;
- Overtime;
- Maternity benefits and delivery packages for female workers;
- Making temporary workers permanent;
- Filling vacant posts in consultation with the CBA;
- Job quotas for workers’ children;
- Scholarships for workers’ children;
- Promotion of skilled workers to the next grade or scale;
- Loans for housing and conveyance;
- Burial expenses and death grants; and
- Haj and pilgrimage expenses.

The agreements are invariably in writing and usually drafted with care – they are meant to settle disputes rather than raise them. A copy of the collective bargaining agreement is sent to the Ministry of Labour and Manpower, the NIRC, and the provincial registrar of the unions. Once duly executed by both parties, the agreements become a source of law. The IRA-08 permits any CBA or employer to apply to the labour courts for the enforcement of any right guaranteed or secured by law or any award or settlement.¹²

In the province of Sindh, historically, 45-50 agreements were signed between CBAs and employers in a year. In 2008 and two months of 2009, the number of collective bargaining agreements registered with the Labour Department was 51 – 34 in Karachi and 17 in

¹¹ The relevant section in the IRO-02 was 25(1).

¹² The relevant section in the IRO-02 was 33.

Hyderabad. According to the Labour Department, 32 of these agreements were the outcome of referendums, while 29 were in enterprises where there was a single trade union.

The level of workers' wages in the organized sector is reasonably high and the workers in this sector thus receive better wages than others. The collective agreements resulting from bargaining negotiations not only serve as instruments to improve wage structure, but also secure numerous financial and fringe benefits for workers.

Wages of newspaper employees are revised through decisions taken by their wage board. It is seen that these employees are relatively better paid than other industrial workers of different categories. They are also allowed a number of fringe benefits. Depending on the market conditions, a wage commission is set up periodically to fix the wages of employees in banks and financial institutions. It is nevertheless important to point out that the employees of these institutions are paid higher wages and they also undertake collective bargaining to determine the conditions of their employment.

Though collective bargaining is normally done at the plan level, it is also done at the national level by a number of industrial unions. The PWF affiliate, the WAPDA Hydro Electric Central Labour Union, which represents 150,000 working people and is a CBA that has won the last four referendums, has been undertaking collective bargaining for decades. Some other unions that undertake national level collective bargaining are:

- PTC Employees' Union CBA;
- UBL Employees' Union;
- Railway Workers' Union CBA;
- Sui Northern Gas Employees' Union CBA;
- Oil and Gas Employees' Union CBA; and
- All Pakistan PWD Employees' Union CBA.

7.1 Collective bargaining agreements

This section looks into a number of collective bargaining agreements reached between managements and CBAs. The paucity of information on such agreements and the details needed notwithstanding, efforts have been made to document agreements: a) reached in two successive periods; b) reached in two plants or sites of the principal employer in the same year; c) reached between two public sector mineral development organizations – one federal and the other provincial; d) reached by private sector managements in oil and gas, and weaving and spinning; and e) most importantly, reached through an industrial action – lockout by a management, factory gate sit-in by employees, court case, and conciliation.

7.1.1 Two successive collective bargaining agreements

A textile spinning and weaving factory

The first charter of demands was served in August 2004 and the negotiation process continued for about ten months by mutual consent. An agreement was reached on 29 June 2005 (*See Annex Table I*). The negotiations led to an agreement that was significantly different from the initial charter of demands. While the demand for an increase in bonus ranged from 35 per cent to 50 per cent, the actual increase agreed upon was 26-32 per cent, with those taking no or

less leave to get a full and greater proportion of the bonus. The rise in annual increment was at the rate of 60 paise per day and Rs 16 per month for permanent workers and clerical staff, respectively, as opposed to the initial demand for 10 per cent.

It was agreed that one permanent worker would be sent on Haj (pilgrimage) every year. The original demand was for three permanent workers to be sent on Haj and for workers undertaking Haj on their own to be given 45 days' paid leave.

The amount of distress loan to be made available to workers on a concessional basis was increased by Rs 100,000. The initial demand was for Rs 20,000 for each worker in distress, with the recovery period to be increased from 12 months to 60 months. The Eid advance was raised by Rs 200 and had to be repaid; the demand was for Rs 600-1,500, with no necessity to pay it back.

The second charter of demands was served in August 2006 and the process of negotiations continued for around 11 months by mutual consent. An agreement was reached on 18 July 2007. It is worth mentioning that the variables and/or items that were part of the negotiations in the first collective agreement were not taken up for revision in the new charter of demands. The management also served its own charter of demands on both occasions.

The union demanded that the Punjab province special allowances be integrated with the basic pay and the merged wage used for the payment of overtime, gratuity, and bonus. Under the agreement reached, however, this allowance was to be phased out gradually and the amount already being drawn by the workers was to be adjusted against the annual increments.

The trade union had filed a petition in the court for the payment of Rs 435 per month to the workers in addition to the minimum wage; if this demand was accepted, the union was ready to withdraw the case. This demand led to the agreement that the fixation of the minimum wage of a worker would exclude the monthly canteen allowance of Rs 70, the house rent allowance of Rs 50, and the conveyance allowance of Rs 50. The union agreed to withdraw the court case.

The demand that the retirement age be raised to 60 years as is applicable in government offices led to the agreement that the retirement age for men and women would be 60 years and 55 years, respectively.

The union demanded 40 metres of good quality cotton and 8 metres of factory made warm cloth for every worker annually. Under the agreement, however, it was decided that instead of the 25 metres of cloth given earlier to permanent and eligible workers, 5 metres of mill made cloth for salwar-kameezes (trouser and shirt) at the rate of Rs 165 a metre would be given to each worker. If the price increased, the additional amount would be paid by the worker. Both the agreements had some general conditions, under which the union undertook to: a) raise no additional financial demands during the time period of the agreement; b) help in raising production and quality; c) maintain discipline and industrial peace; and d) help the management in eliminating wastage of time. It was also agreed that the agreement was not applicable to the employer's other units. However, the second agreement included the continuation of the benefits available under earlier agreements as per the existing labour laws of Pakistan.

A public sector insurance company

The first charter of demands was served in January 2005 and the process of negotiations continued for around six months by mutual consent. An agreement was reached on 29 June 2005 (*See Annex Table II*). The pay scales of the unionized staff were revised by 15 per cent with effect from 1 January 2005, which was the date of the start of the agreement. The conveyance allowance for two categories of unionized workers was increased from Rs 655-850 to Rs 753-978 per month. The medical allowance was increased from Rs 1,800 to Rs 2,070 per month. The education allowance was increased from Rs 300 to Rs 345 per child for a maximum of three children. The canteen allowance was increased from Rs 700 to Rs 1,000 per month. The utility allowance was increased from Rs 550 to Rs 633 per month. The burial expenses allowance was increased from Rs 10,000 to Rs 20,000. The cost of living allowance and the compensatory allowance – Rs 300 and Rs 50 per month, respectively – as instituted in the last agreement, were to continue.

The union agreed that: a) all demands were deemed to have been settled, satisfied, and withdrawn in accordance with and/or in consideration of this agreement; b) it undertook that during the period of agreement, it would not raise or pursue any demand having direct or indirect additional financial bearing; c) that the cash benefits given in this settlement were to meet the increase in the cost of living and they would not claim any such measures announced later by the government. However, if the benefit announced by the government was over and above the amount of the 'settlement', the balance amount would be given to the workers; and d) it would maintain discipline and cooperate fully and effectively with the management to maintain efficiency and to increase profitability.

The second charter of demands was served in January 2007 and the process of negotiations continued for around seven months by mutual consent. An agreement was reached on 30 July 2007. The basic pay would be fixed as on 31 December 2006 at the appropriate stage of the revised pay scale. The revised pay scale would be 25 per cent higher than the pay and include two monthly allowances: Rs 50 as compensatory allowance and Rs 300 as cost of living allowance. The conveyance allowance for two categories of unionized workers was increased from Rs 753-978 to Rs 978-1,200 per month. The medical allowance was increased from Rs 2,070 to Rs 2,800 per month. The education allowance was increased from Rs 345 to Rs 600 per child per month, for a maximum of three children. The canteen and utilities allowances were increased from Rs 1,000 to Rs 1,300 per month and from Rs 633 to Rs 1,000 per month, respectively.

A number of new items added by the union in the charter of demands were also agreed upon collectively. The management agreed to extend the Haj facility to three employees and two officers, chosen through ballot every year, from the PRCL Employees' Welfare Fund. It also agreed to group insurance for employees of Categories 1 and 2 – coverage of Rs 150,000 and Rs 180,000 for death and permanent disability, respectively; the earlier sums for this purpose were Rs 100,000 and Rs 120,000, respectively.

An agreement was also reached on loans for the staff. The management agreed to allocate Rs 20 million towards pending applications for house construction, house repairs, house rent advances, and car and motorcycle advances. Marriage loans were also agreed to, but only for female employees.

In the case of the death of an employee during service, any outstanding loan or advance would be waived off on humanitarian grounds. The two parties also agreed on the early and quick settlement of final dues on the retirement or death of employees – within a month of the event.

The union agreed that: a) all demands would be deemed to have been settled, satisfied, and withdrawn in accordance with and/or in consideration of this agreement; b) it undertook to not raise or pursue any demands that had a direct or indirect additional financial bearing during the period of the agreement; c) it would maintain discipline and cooperate fully and effectively with the management to maintain efficiency and to increase profitability.

7.1.2 Two collective bargaining agreements of a company with plants in different cities

A tobacco and cigarette manufacturing company

The charter of demands at the Korangi-Karachi plant was served in September 2006 and the process of negotiations continued for around four months by mutual consent. A three year agreement was reached on 6 February 2007 (*See Annex Table III*).

While the demand was for an increase of Rs 1,000 per month in the basic salary, the agreement was a flat increase of Rs 170 per month in the basic pay of only permanent workers. The house rent and conveyance allowances were increased by Rs 55 and from Rs 145 to Rs 185 per month, respectively, for all eligible permanent workers.

The attendance allowance was increased from Rs 75 to Rs 85 per month for permanent workers whose authorized casual and sick leave did not exceed one day and two days, respectively, in a month. Though the demand was for an increase in dust allowance of Rs 50 per month for permanent workers according to the nature of their work, under the agreement, eligible permanent workers of the primary processing and leaf departments were given an allowance raise from Rs 40 to Rs 65 per month.

The company agreed to give two Hero Motorcycles – Model RF 70+ – every year to eligible permanent workers; the union's demand was to raise the number from one motorcycle in a year to ten.

The union agreed to: a) extend full cooperation in attaining machine-wise production of desired quality at an efficiency level of not less than 75 per cent; b) maintain and reduce wastage in cigarette paper, tobacco, and packing material at the targets fixed by the company; c) maintain industrial peace; and d) take no illegal action and maintain peace.

The charter of demands at the Kotri-Jamshoro plant was served in February 2007 and the process of negotiations continued for around four months by mutual consent. An agreement was reached on 26 June 2007.

Whereas there was no demand for a house rent allowance, the monthly pay was increased by a flat rate of Rs 25 in the basic pay of only eligible permanent workers. The conveyance and attendance allowances were increased from Rs 65 to Rs 110 per month and from Rs 140 to Rs 195 per month, respectively, for permanent workers whose authorized casual and sick leave did not exceed two days in a month.

The union agreed to: a) extend full cooperation in attaining machine-wise production of the desired quality at an efficiency level of not less than 75 per cent; b) maintain and reduce wastage in cigarette paper, tobacco, and packing material at the targets fixed by the company; and c) not raise any additional or fresh financial demands.

It is to be noted that these increases compare badly with the agreement reached by the counterpart union and management at the Karachi plant. Furthermore, in this agreement there was no demand raised for: a) Eid allowance; b) Umrah during the month of Ramadan; c) dust allowance; and d) motorcycle scheme.

7.1.3 Collective bargaining agreements of public sector mineral development organizations

A provincial company (corporation)

The charter of demands was served in March 2004 and the process of negotiations continued for over a year by mutual consent. A two year agreement was reached on 27 April 2005 (*See Annex Table IV*).

Collective agreement was reached on only a few of the demands that were raised; many were seen as being deferred by the management on one pretext or the other. The only two areas where there was an upward revision on the basis of negotiations were basic pay and maternity allowance. The union demanded an increase of Rs 1,000 per month in basic pay. Under the agreement, only permanent workers were given a flat monthly increase of Rs 170. The management agreed to the demand for a maternity allowance of Rs 4,000.

In some cases, the management advised the union to wait for the budget, which was in the offing at the time, while in others, it asked for a working paper, a precedent, or to take the case to the board of directors. For example, the management asked the union to prepare a working paper to be put up before the board of directors with regard to the demand for an increase in the conveyance allowance. It said that the demand for a raise in the special daily allowance would be “discussed” with the general manager for “approval”. Similarly, the management asked for the submission of a separate case for the demand for free ambulance services or cost of fare to the hospital for a patient and an attendant. With regard to the demand for an Eid allowance, the management said the CBA had not provided a precedent as yet.

A federal organization

The charter of demands was served in February 2005 and the process of negotiations continued for about a year by mutual consent. A two and a half year agreement was reached on 26 January 2006 (*See Annex Table V*).

The negotiations led to: a) a monthly wage increase in the range of Rs 650-1,180; b) the rise in the monthly wage being based on statutory allowances; c) the coal project employees, both regular and daily wage, being paid two bonuses on their gross pay as before; and d) wage rates being increased for all categories of piece rate workers.

The negotiations for the demand for an increase in medical facilities and extending to ‘coal cutters’ with less than three months’ service led to the management agreeing to make arrangements for hepatitis B vaccinations and to extend medical facilities to coal cutters with less than three months’ service. However, medical operations requiring care in hospitals other than the empanelled ones would be available only to employees with three months’ service.

The negotiations also led to additional facilities for the workers such as: a) repair of the old bus and fund allocation for a new bus next year as well as provision of ten motorcycles – five each for project employees and those in the zonal office – on concessional rate loans; b) payment of overtime as per the existing law; and c) provision of uniforms and shoes to other categories of employees.

The union demanded that employees be promoted on the basis of performance and seniority; the management agreed to promotion to the next grade as follows: a) selection grade to one stenographer, stock checker, storekeeper, and office assistant; b) two UDCs as assistants in the accounts section; c) two UDCs as assistants in the administration section; d) two timekeepers

to the next grade; e) three haulage drivers to the next grade; f) one mining worker 'sardar' regularized; and g) allowance of head drivers to be increased by Rs 50 per month.

The union agreed not to make any additional demands during the currency of the agreement, except those regarding the payment of legal bonus (es).

7.1.4 Two other collective bargaining agreements

A spinning and weaving mill

The charter of demands was served in April 2007 and the process of negotiations was completed within two months. A two year agreement was reached on 29 June 2007 (*See Annex Table VI*). It may be pointed out that this agreement was made by the management of a company that had shown a net loss in the preceding year of accounts.

The union pleaded that "inflation and rise in cost of living justify increase in salaries". The management view was that as a special case and without quoting it as a precedent, the wages of workers had already been increased since 1 September 2006, averaging Rs 38.47 per day. The management also agreed that profit bonus would be paid as per the law to entitled workers subject to net profit for the year ending 30 June 2007.

The management and the union agreed that any increase by the government in the form of increase in wages and/or cost of living allowance, or a Sindh province special allowance during the operation of the settlement would be set off and adjusted against the increase provided for in the agreement. And if there was no set-off clause, then the increase granted in the agreement would be withdrawn and those notified by the government applied.

The union accepted that the mill had been running net losses up to 30 June 2006 and agreed not to raise any further financial or non-financial demands during the currency of the agreement.

An oil and gas company

The charter of demands was served in December 2005 and the process of negotiations continued for more than a year by mutual consent. A two year agreement was reached on 25 January 2005 (*See Annex Table VII*). This agreement was also made by the management of a company that had shown a net loss in the preceding year of accounts.

The union demanded a raise in basic wages of 35 per cent, 30 per cent, and 25 per cent for employees with a monthly salary of less than Rs 6,000, Rs 6,001-10,000, and more than Rs 10,000, respectively. The negotiations led to a wage increase of 19 per cent, with effect from 1 July 2005, on the condition that any future increase announced by the government would be subject to negotiations between the management and the CBA.

The union demanded a raise in the house rent allowance of 55 per cent and 50 per cent for employees at the head office and in the field, respectively. The agreement reached was an increase: a) from 18 per cent to 20 per cent of the basic pay for field staff living in their own accommodation; and b) from Rs 1,700 to Rs 2,200 for head office staff.

The negotiations led to an increase in the: a) utility allowance from 6 per cent to 10 per cent for each worker in regular employment and drawing house rent allowance; b) shift allowance of Rs 100 per month, raised from Rs 200 to Rs 300; c) drilling allowance of Rs 40 on average for all drilling workers, now ranging from Rs 310 to Rs 645 for different categories of workers; d) special allowance from Rs 85 to Rs 150; and e) conveyance allowance from Rs 75 to Rs 100 per month.

The union demanded an increase in the mess allowance of: a) Rs 30, Rs 90, and Rs 120 for breakfast, lunch, and dinner, respectively; b) Rs 400 per day for lodging or overnight stay; and c) Rs 150 per day for head office workers. The negotiations increased the allowances related to official travelling: a) from Rs 40 to Rs 50 each for lunch and dinner; b) from Rs 200 to Rs 250 for big cities only; c) from Rs 105 to Rs 125 per day, and from Rs 30 to Rs 60 per day for the head office staff to compensate for the non-availability of canteen facilities. The clothing allowance was increased from Rs 50 to Rs 75 per month.

The union demanded that interest free loan facilities of Rs 500,000 be provided to each worker for house construction and purchase and for vehicle purchase. The agreement, however, focused on loan recovery, altering the repayment plan from equated instalments over 24 months to equated instalments over 36 months.

Besides the above: a) any increase in allowances or any other facilities announced by the government would be awarded to the employees; and b) provisions of the IRO-02 and other relevant laws would be applicable to this settlement.

7.1.5 Collective bargaining agreements reached after industrial action and conciliation

A cement factory

The charter of demands was served in July 2006 and the process of negotiations continued for years. Consequently, the union filed a case in the court, while the management opted for a lockout. The unions staged a sit-in at the factory gate for months in 2009. Interventions by the facilitators ultimately got both parties to enter into an agreement in May 2009, after more than two and a half years. Ultimately, two agreements were signed, one for the period from 1 July 2006 to 30 June 2008 and the other from 1 July 2008 to 30 June 2010 (*See Annex Table VIII*).

The first agreement took up the matter of annual increments. Both parties agreed to a four grade increment for all permanent workers. The modality worked out was: a) one increment with effect from 1 July 2006; b) one increment with effect from 1 July 2007; c) one increment with effect from 2 July 2008; and d) one increment with effect from 30 December 2008. It is worth mentioning that arrears on account of the above increments were to be distributed equally through the monthly salary over a period of six years from June 2009 to May 2015.

The agreement also laid down the following general conditions:

- The union agreed that: a) any demand not found in the agreement would be deemed to have been dropped or withdrawn; b) it would not make any further financial demands; c) it would extend full cooperation to improve working, efficiency, and production; d) make all out efforts to enforce discipline; and v) there would be no work stoppages, strikes, slowdowns, interruptions, or obstacles in dispatches;
- Workers would continue to enjoy all the existing rights, privileges, benefits, and facilities already on offer to them and not mentioned in the agreement; and
- The management would reaffirm its desire to enhance the production capacity of the plant subject to availability of finances and project viability and the CBA would commit to provide all cooperation for the purpose.

The second agreement took up a number of variables for discussion and reached agreements on many of them. The foremost was the agreement on rise in basic pay – an increase

of 30 per cent with effect from 1 July 2008. However, the payment of arrears on this account – 1 July 2008 to July 2009 – was to be staggered in the monthly salary over a period of six years from June 2009 to May 2015.

The union managed to get a number of benefits increased:

- The canteen would continue to be run by the CBA or the workers and its annual subsidy would be increased from Rs 100,000 to Rs 150,000;
- The shift allowance would be increased from Rs 9.47 to Rs 12 per shift;
- Widow pension would be Rs 5,500 per month;
- Safety equipment would be provided as per the law;
- “Roadside accidents, whether inside or outside the factory,” would be added to the list of diseases and conditions for which special medical leave was allowed;
- The amount under TA/DA would be raised to Rs 300 per day;
- Utility charges: Up to 300 units of electricity would be given free for those residing in the housing colony and Rs 300 per month paid to other workers;
- Rs 10,000 would be paid to each worker for each of the two annual Eid festivals;
- A bonus of two days’ basic pay per year would be paid as production bonus for every 1,000 million tonnes of cement production in excess of the annual target of 375,000 million tonnes;
- No workers would work without uniforms and the management would provide a uniform and a pair of shoes to each worker each year;
- There would be no interference by the CBA in the time office/dispatch office, and the time office would be shifted inside the factory;
- Free transport to needy workers for the burial rites of blood relatives;
- A sum of Rs 25,000 out of arrears payable on account of the 30 per cent increase in basic pay and special increments would be paid on the marriage of the worker or his/her son or daughter, but not more than six such cases would be considered each month.

It is important to point out that the agreement also contained a clause on the “sale of service”. A sum of Rs 500,000 and Rs 600,000 would be paid to a worker who opted to surrender the claim of his son or nominee if he left the company two years before he retired at the age of 58 years, or at the age of 60 years or less, respectively. Furthermore, if a worker who was reaching retirement age forewent his son’s or nominee’s claim for employment, his retirement age would be extended by two years as per the existing terms and conditions.

The union agreed that: a) any financial increases/calculations would be based upon the basic salary of the relevant year; b) it would not make any further financial demands; c) it would extend full cooperation for improving the working, efficiency, and production of the company; d) it would make all out efforts to enforce discipline; and e) there would be no work stoppages, strikes, slowdowns, interruptions, or obstacles in dispatches; and

- Workers would continue to enjoy all the existing rights, privileges, benefits, and facilities already on offer to them and not mentioned in the agreement;
- The management would reaffirm its desire to enhance the production capacity of the plant subject to availability of finances and project viability, and the CBA would commit to provide all cooperation for the purpose; and
- After this settlement, the CBA would withdraw its court case against the cement company, claiming restoration of a 30 per cent cut.

The above reviews of collective bargaining agreements point to the importance of functioning trade unions at the plant level in protecting workers' rights and promoting the welfare of workers. It is, however, important to point out that the "charters of demands" reviewed here are conspicuous in the absence of union proposals with regard to raising productivity and enterprise competitiveness. Demands to enhance the skills of the workers are also found to be absent in these charters of demands.

8. Dispute settlement

The earliest law in the subcontinent for the settlement of industrial disputes was the Employers and Workmen (Disputes) Act, 1860, which remained in force till 1929. This act provided for the resolution of disputes relating to wages of workers employed in the construction of railways, canals, and public works; the disputes were handled by magistrates. The Trade Dispute Act of 1929 was enacted to meet the requirements arising out of industrial discontent.

The provisions of the Trade Dispute Act, 1929, were incorporated in the Industrial Disputes Act, 1947, after the Second World War. The purpose of the act of 1947 was to provide a hierarchy of machinery to enable harmonious relations between employers and workers through work committees, conciliation, boards of conciliation, and courts of inquiry, failing which, settlement was arrived at by adjudication on reference to the ad hoc tribunal.

The Government of Pakistan adopted these labour laws after independence in 1947. Prior to the partition of India, a five year programme of action was drafted at the Labour Conference in October 1946; the conference unanimously approved detailed legislative and administrative measures to improve workers' working and living conditions. The first Pakistan Tripartite Labour Conference (PTLC), held in February 1949, approved this programme with only minor modifications. The programme comprised legislative and administrative measures by the federal and provincial governments, such as amendments to the Workmen's Compensation Act, 1923; the Factories Act, 1934; and the Mines Act, 1923, along with new legislation on minimum wages, social security, plantations, shops, commercial establishments, transport services, streamlining the inspection machinery, conciliation and adjudication, provisions for medical and housing services, training organizations, establishing institutions such as employment exchanges and the labour bureau, and workers' state insurance.

The Industrial Disputes Act of 1947 provided full freedom to workers for collective bargaining. The act contained a provision that allowed the setting up of work committees to settle disputes between workers and employers in an establishment. An important feature of this act was the prohibition of strikes and lockouts during conciliation proceedings. The act's main objective was to ensure fair terms for workers and to prevent disputes so that production would remain uninterrupted. This act also recognized that the workers had rights other than those conferred on them by the contract of employment.

In 1959, the Industrial Dispute Ordinance was promulgated to replace the Industrial Disputes Act of 1947. Under the new law, workers in public utility services were banned from going on strike and their employers were given the right to fire them if they did so.

The Industrial Disputes Ordinance, 1959, which was the first major enactment after Pakistan's ratification of the ILO Conventions No. 87 and No. 98, changed the industrial relations system completely, making it "adjudication oriented" by enlarging the term, 'public utility service', to include all types of industry. It was made obligatory for employers employing 50 or more workers to set up a "works committee" in the establishment with equal representation of the workers, selected in consultation with the registered trade union, to discuss problems of mutual interest. Conciliation officers were appointed by the government to conciliate and mediate in industrial disputes. The ordinance provided for the constitution of one or more industrial courts charged with the responsibility of adjudicating and determining an industrial dispute for which an application was made, inquiring into and adjudicating on any matter referred to it by the government, and trying certain offences under the ordinance.

Under the 1959 ordinance, even trade union representatives had no immunity from termination. In addition, workers were not provided any forum to redress their grievances. However, employers were given the right to refer industrial disputes raised by their workers for adjudication.

The labour legislation comprising the Industrial Dispute Ordinance, 1959, later amended as the Industrial Disputes Ordinance, 1968; the Trade Unions Act, 1968; the Industrial and Commercial Employment (Standing Orders) Ordinance, 1968; and, importantly, the IRO-69, regulated the industrial relations system during the 1970s. On the one hand, the registration of trade unions was made more complex and some control was legally made possible by the government, the conciliation officers who were charged with the duties of mediating and settling industrial disputes were given wide powers of inspection, and the civil courts were vested with the power to call for the production of documents, and on the other hand, the standing orders legally defined what would otherwise correspond to personnel management practices as, for example, the terms of employment, conditions of work, and the procedure of handling grievances and discipline.

8.1 Procedures for dispute settlement

Both the IRA-08 and its predecessors, the IRO-69 and the IRO-02, laid down procedures for the settlement of disputes between workers and management and these are discussed in this section.

8.1.1 Bilateral negotiations

If at any time an employer or a CBA finds that an industrial dispute has arisen or is likely to arise, the employer or CBA may communicate their respective views to the other party. The works council or the party receiving the communication shall try to settle the dispute by bilateral negotiation within 15 days or within the time period agreed upon by the parties. If the parties reach a settlement, a memorandum of settlement is recorded in writing and signed. A copy of the memorandum is forwarded to the conciliator or any other person so authorized by the provincial government.

If no settlement is reached between the employer and the CBA, either party may serve on the other party to the dispute a notice of conciliation within 15 days of the end of the period. The period of a notice of conciliation is 14 days.

8.1.2 Conciliation

The federal and provincial government may appoint as many persons as they consider necessary to act as conciliators. At the federal level, conciliators are appointed in such disputes as the NIRC is competent to adjudicate and determine under the ordinance. The conciliator may invite the employer or any officer of the trade union connected with the dispute to a meeting called by him/her. If settlement of the dispute or of any matter in dispute is arrived at during the course of the proceedings before the conciliator, he/she will send a report to the federal or provincial government, together with a memorandum of settlement signed by the parties to the dispute.

If no settlement is arrived at within the period of the notice of strike or lockout, the conciliation proceedings may be continued for such further period as may be agreed upon by the parties. A tripartite board of conciliators can be appointed at the request of the party raising the dispute by the federal or the provincial government to conciliate in an industrial dispute involving more than one establishment in a province, or in an industry at the national level, or in an industrial dispute of national importance, if the negotiations are not progressing satisfactorily.

8.1.3 Arbitration

If conciliation fails, the conciliator will try to persuade the parties to agree to refer the dispute to a mutually agreed arbitrator. If the parties agree, they must make a joint request in writing for reference of the dispute to an arbitrator. The arbitrator is to give his/her award within a period of 30 days or such further period as may be agreed upon by the parties to the dispute. The award of the arbitrator is final and valid for a period not exceeding two years or as may be fixed by the arbitrator.

8.1.4 Strikes and lockouts

If dispute settlement proceedings fail before the conciliator and no settlement is reached, and if the parties have not agreed to refer their dispute to an arbitrator, the workers retain the right to go on strike provided due notice is served to their employer. However, the employer also has the right to declare a lockout either after the notice of conciliation expires or upon a declaration by the conciliator that proceedings have failed. When a strike or lockout lasts for more than 15 days, the government, by order in writing, can prohibit the strike or lockout. A strike or lockout can also be prohibited at any time before the expiry of 15 days, if the government considers that the continuance of such a strike or lockout is causing serious hardship to the community, or is prejudicial to the national interest, or detrimental to the interest of the community at large.

If a strike or lockout occurs within the public utility services sector, the federal government and the provincial government may, by order in writing, prohibit its occurrence at any time before or after the commencement of the strike or lockout. No party to an industrial dispute may go on strike or declare a lockout during the course of conciliation or arbitration proceedings, or while proceedings are pending before a labour court.

A strike or lockout is declared illegal if it is commenced without giving notice of conciliation to the other party to the dispute, or if it is commenced or continued in a manner other than provided in the IRA-08.

In case of an illegal strike or lockout, an officer from the Labour Department may make a report to the labour court, and require the employer, CBA, or the concerned registered trade

union to appear before the court. The court may, within 10 days, order the strike or lockout to be stopped. In case of contravention of the order of the court by the employer, and if the court is satisfied that the pursuance of the lockout is causing serious hardship to the community or is prejudicial to the national interest, it may order the attachment of the factory and the appointment of an official receiver, who will exercise management powers and perform all such acts as are necessary for conducting business. In case of contravention of the court order by the workers, the labour court may pass orders of dismissal against the striking workers or cancel the registration of the trade union that has committed the contravention.

8.1.5 Labour courts

Any CBA or employer may apply to the labour court for the redressal of any grievance or the enforcement of any right guaranteed or secured by or under any law, award, or settlement. The provincial government may establish as many labour courts as it deems necessary. A labour court can:

- Adjudicate and determine an industrial dispute that has been referred to or brought before it under the IRA-08;
- Inquire into and adjudicate any matter relating to the implementation or violation of a settlement that is referred to it by the provincial government; and
- Try offences under the IRA-08 and other such offences under any other law as the provincial government may, by notification in the official gazette, specify in this behalf; and
- Exercise and perform such other powers and functions as are or may be conferred upon or assigned it by or under the IRA-08.

An award or decision of a labour court must be given in writing and delivered in open court. Any party aggrieved by an award or decision may refer an appeal to the labour appellant tribunal.

8.1.6 Labour appellant tribunals

This tier, which was removed in the IRO-02, has been restored in the IRA-08. So, appeals against labour court decisions can be made here.

8.1.7 High courts

The high court may on appeal, confirm, set aside, vary, or modify the award or decision of a labour court or a labour appellant tribunal. The decision of the high court is to be delivered as expeditiously as possible, within a period of 60 days. If an appeal is referred to it against the order of a labour court with regard to the reinstatement of a worker or compensation, the high court can stay the operation of the order of the labour court. The high court must decide such appeals as soon as possible, but not later than 60 days.

8.2 Industrial disputes and work stoppages

The IRA-08 (and its predecessor, the IRO-02) provides a chain of procedures, as stated above, to be followed for the settlement of industrial disputes. These procedures are intended to avoid stoppage of work as far as possible and to settle disputes through mutual negotiations,

conciliation, arbitration, and labour courts and appellant tribunals. Strikes by workers and lockouts by employers are a last resort measure. As trade unions are bound by the provisions of the IRA-08, they try to resolve disputes through mechanisms other than strikes.

The limited information available is analysed here to see how trade unions are working to improve industrial peace and harmony at the workplace. It is interesting to note a decline in the workdays lost in industrial disputes over the period from 1947 to 2001 (See *Figures 2 and 3*). In recent years, unions and managements have been able to resolve disputes through means other than strikes and lockouts. Such work stoppages were more frequent in the 1960s and 1970s than in the 1980s and 1990s.

Figure 2
Trends in work stoppage

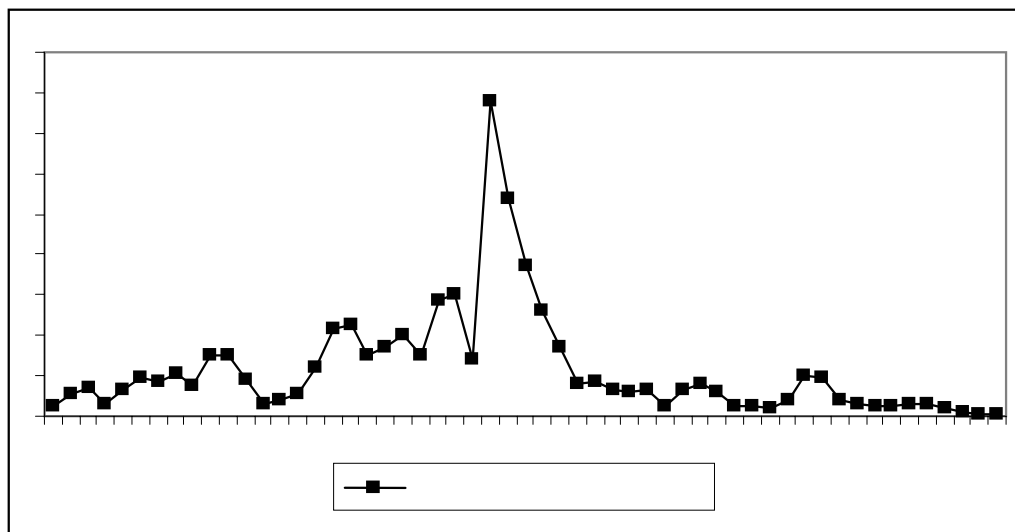
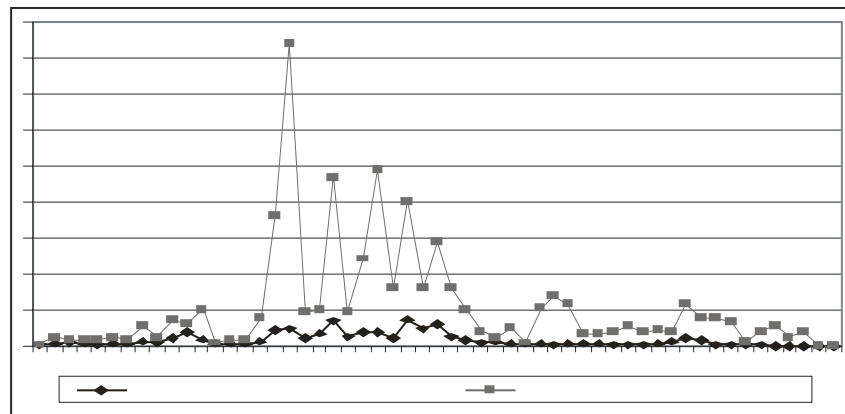


Figure 3
Workers involved and man days lost (in 1,000s)



Source: Provincial labour directorates
* The figures include strikes and lockouts

9. Tripartism and social dialogue

Pakistan inherited the concept of tripartism from British India. British India obviously accepted the concept of tripartism from the ILO, following which the Indian Tripartite Labour Conference (ITLC) convened meetings and conferences from time to time. The first ITLC conference, which brought together the representatives of both employers and workers, was held in 1942. Later on, four other tripartite labour conferences were held before independence. The perception of the role of the ITLC was that of a forum for discussion of all matters of importance between employers and employees.

The concept of tripartism was readily recognized and adopted in Pakistan after independence. The tripartite conference – now called the Pakistan Tripartite Labour Conference (PTLC) – is considered an important forum to consult on all matters of national importance between workers and employers as well as on all labour legislation and labour policy issues.

However, the PTLC has neither been organized regularly nor institutionalized as a mechanism. Political expediency has convened and not convened the PTLC at will, at times even ignoring it. It is after decades that two PTLCs were convened within a span of eight years. The PTLC of 2001 was organized with a well prepared agenda and conclusions and recommendations, which led to the eventual formulation of the Labour Policy of 2002 as well as several other follow-up actions (*See Section 3.1.5*). However, the PTLC of 2009 was haphazardly organized and evoked criticism from both employers' and workers' organizations. It was probably for the first time in the history of PTLCs that such an important event lasted a mere half-day!

The tripartite consultation organized by the ILO for this paper in March 2009 was used by many participants to raise concerns about the drawbacks of the PTLC. Some of the concerns raised were: a) inadequacy of preparation; b) lack of representation of many participating organizations; c) a proportionately small number of invitations extended to employers and, consequently, only a small group of employers at the PTLC; d) undermining of bipartism and important bipartite agreements reached regarding major provisions of labour law; e) lack of regularity in the meetings; and f) the attempt of the government to generally "politicize" the world of work.

Despite the observations about the PTLCs, especially the one convened in 2009, the fact remains that a number of the legislations developed do promote a tripartite machinery for the regulation and administration of labour issues. The minimum wage boards (MWBs), constituted under the Minimum Wages Ordinance, 1961, in the provinces, consist of an equal number of members representing the government, the employers, and the workers. The MWBs are responsible for periodically reviewing and recommending to the government, after mutual consultations and deliberations, the minimum rates of wages for all or any category of workers in an industry. Currently, in the province of the Punjab, the minimum wages of 51 categories of semi-skilled, skilled, and administrative workers are based on the recommendations of the MWBs to the government.

Furthermore, the institutions responsible for administering labour welfare schemes are tripartite in character. The provincial employees' social security institutions (PESSIs), the Employees' Old-Age Benefits Institution (EOBI), and the Workers' Welfare Fund (WWF) have tripartite governing bodies. Even the national vocational training and workers' education programmes are run by governing bodies or boards of trustees that are tripartite in nature, although the representation of workers and employers on these bodies vis-à-vis those of the government are not equal.

It is worth mentioning that as far back as in 1978, the government formed a National Labour Commission (NLC). Tripartite in composition, the Commission was assigned the task of studying the labour, employment, and industrial relations laws in the country with a view to simplifying them, removing anomalies, and bringing them in conformity with the socioeconomic needs of the country.

This Commission held an extensive survey of the labour scenario in the country by issuing questionnaires to a cross-section of people and meeting representatives of employers, workers, and the government throughout the country.

The formation of the Standing Labour Committee (SLC) at the national level in 1981 and a tripartite working group in 1982 followed the setting up of the NLC. Both these bodies were tripartite in character and issues of national importance concerning workers and employers were referred to them for arriving at a consensus through mutual consultation. The standing committees (SCs) and working groups (WGs) were also consulted by the government from time to time on amendments in labour laws or new legislations in the area of labour relations and labour welfare.

However, it is to be noted that the main function of the SLC, an executive body of the PTLC, is to consider and examine all matters referred to it by the PTLC or the government and make its recommendations. The government prepared a draft labour policy in 1989 and referred it to the SLC for thorough discussion and its recommendations. A series of tripartite deliberations were held at the national level on various aspects of the draft labour policy.

This was the first ever attempt by the government to bring all the partners in industry to the table to thrash out their differences and reach a broad consensus on issues that have been agitating the minds of both employers and workers ever since the announcement of the Labour Policy of 1972. These tripartite discussions, which stretched over one and a half years, were fruitful.

It was for the first time in the history of tripartite consultations in Pakistan that a consensus was reached on a number of points and a joint recommendation made to the government to implement the points on which the employers and workers had broadly agreed. The suggestions included: a) formation of a tripartite minimum wage council; b) formation of a tripartite commission on occupational safety and health; and c) formation of a national tripartite productivity council. Two decades later, however, these recommendations are yet to be implemented.

Furthermore, the SLC, which was quite active in the past and had held a series of meetings all over the country, is now lying dormant.

The provincial governments have established tripartite provincial labour boards (PLBs), which review labour related matters in their meetings held from time to time and suggest measures for improvement. At the provincial level, there are also tripartite workers' welfare boards to which funds are provided from the WWF. The provincial workers' welfare boards deal with:

- Construction of houses and flats and development of plots and their allotment to industrial workers;
- Provision of funds for different welfare measures for industrial workers, such as grant of scholarships for post-matriculation studies to two children of each worker, distribution of bicycles free of cost, grants to workers for the marriage of

their daughters, establishment of industrial homes in labour colonies, and establishment of secretarial training centres;

- Holding seminars to impart education, training, and skills to workers; and
- Any other welfare schemes approved by the federal government.

Subject to the provision of the Workers' Welfare Fund Ordinance, 1971, the provincial workers' welfare boards have been entrusted with tasks such as allotment and fixing of the rent of the houses financed by the WWF, their maintenance and repair, rent recovery, and rent arrears.

A tripartite MWB exists in each province. They determine wages in industries where the workers, who form the weaker party, find it difficult to bargain for higher wages and other terms of employment with their employer. In bigger industries, where workers have strong trade unions, wages are determined through a process of collective bargaining. The MWBs comprise:

- One chairman in each province appointed by the provincial government;
- One independent member appointed by each provincial government, but not connected with either any industry or with any employers' or workers' organizations;
- One representative of the employers in the province; and
- One representative of the workers in the province.

Besides the regular members representing the employers and the workers of the province, two additional members, one representing the employers and the other representing the workers of a particular industry, are appointed by the government whenever any inquiry for recommending minimum wages for workers is undertaken by the board for that industry. The regular and additional members are appointed by the provincial government after considering nominations from the respective employers' and workers' associations and federations.

A governing body has been constituted under section 5 of the Provincial Employees' Social Security (PESS) Ordinance, 1965, in each province. The ordinance introduces a social security scheme to provide certain benefits to employees and their dependents in the event of sickness, pregnancy, employment, injury, or death. The main function of the governing body is to approve the budget estimates, audited accounts, and annual report of the social security institution for submission to the government and to call for any information or direct any research to be made for the furtherance of the objectives of the ordinance.

The Directorate of Workers' Education under the Ministry of Labour, Manpower, and Overseas Pakistanis (MOLMOP), along with its 12 centres in different cities, aims at enhancing full and active participation of workers and their organizations in achieving a healthy and constructive industrial atmosphere, which will effectively advance social justice, a sense of patriotism, and specifically increase productivity. The ultimate goal is to assist in contributing policies for the development of trade union education in Pakistan, planning trade union education programmes, and upgrading the training of qualified instructors in the existing training institutions. A tripartite Joint Advisory Committee of Workers' Education provides guidance in the establishment of workers' education centres and education programmes.

The employees' old age benefits scheme was introduced in July 1976 under the Employees Old-Age Benefits Act, 1976. The act provides for old age benefits for people employed in industrial, commercial, and other organizations. Workers are entitled to pensions on meeting the qualifying conditions after the age of 55. The scheme is managed by the EOBI. The

general direction and supervision of the affairs of the EOBI is vested in the tripartite board of trustees. The board is empowered to approve the budget estimates, audited accounts, and annual report of the EOBI for submission to the federal government. It also has the power to call for any information or direct any research to be made for the furtherance of the objectives of the act.

Tripartite consultative machinery also exists in the area of technical training, where the National Training Board (NTB) at the national level and the provincial training boards (PTBs) at the provincial levels have been established under a federal legislation. These tripartite boards are responsible for monitoring skilled manpower requirements, identifying and inspecting vocational training schemes, ensuring uniformity of training standards, approving training schemes, providing advisory services to establishments and schemes offering vocational training, preparing training plans for the identified requirements of manpower, collaborating with sources of labour market information for assessing existing and future training needs, studying existing training programmes, establishing criteria for evaluating and determining training programmes and facilities, developing training syllabi, and establishing national training standards and trade tests.

Although tripartism has been recognized by the government as a useful forum for dialogue on various issues concerning labour, meetings of the PTLC, the SLC, and the National Tripartite Advisory Committee on Finance are not being held regularly. There is a lack of dialogue between the government and the employers' and workers' representatives on vital issues concerning labour-management relations and the rights of workers.

9.1 Workers'–Employers' Bilateral Council of Pakistan (WEBCOP)

The establishment of an effective link between representatives of employers' and workers' organizations has been a long cherished goal of many employers and union leaders. A number of employers were of the view that the objective of peaceful industrial relations was impossible to achieve without the active cooperation of the workers. Trade unions also realized the fact that their members' prosperity was enshrined in the economic viability and profitability of the enterprise in which they worked. The need was further necessitated in the wake of a fast globalizing economy, in which effective bipartism – a forum to collectively voice workers' and employers' issues – needed to be raised and policy dialogue jointly initiated. The establishment of the Workers'–Employers' Bilateral Council of Pakistan (WEBCOP) was a realization of the vision of both the employers and the trade unions; it took preparatory work of about a decade to set up WEBCOP in July 2000 with the participation of almost all the representative organizations of workers and employers. The memorandum of understanding (MOU) signed by all the concerned parties indicates the importance of mutual cooperation in promoting harmonious industrial relations. Some of the objectives of WEBCOP are to:

- Achieve a balance between the rights and obligations of industrial partners;
- Develop a basis for wage increase in the organized sector without interfering in the process of collective bargaining;
- Promote productivity and quality improvement efforts at the enterprise and national levels in order to meet fully the challenges of globalization and other environmental changes;
- Improve the quality of life for the working class by establishing a linkage between the pace of economic development and quantum of social benefits; and

- Develop, at the enterprise level, an effective participative culture through bilateral consultation and dialogue on matters relating to industrial relations, productivity, safety, health, investment, employment, and socioeconomic benefits.

In order to achieve these objectives, WEBCOP aims to work to: a) activate and extend full support to the tripartite bodies for performing their task efficiently in the best national interest; and b) importantly, develop an alternate dispute settlement mechanism.¹³

10. Conclusions

This study looks at the evolution of the industrial relations system in Pakistan with a specific focus on the legal framework dealing with the formation of unions and collective bargaining as well as the role of the government and the social partners. It also looks into the dispute settlement mechanism, social dialogue, collective bargaining, and tripartism.

The study starts with an analysis of key labour market indicators. Underutilized labour accounts for a fifth of the workforce in Pakistan, and in a number of cases, the unemployed are educated and trained – a scarce commodity in Pakistan – youth, who have been actively seeking work for a long period. A significant proportion of those who are employed are currently engaged in work that is both less remunerative and productive. Changing work patterns and new forms of employment are more in the direction of making the employed more vulnerable. When the ‘employees’ category is studied in terms of employment category – regular, casual, piece rate, and apprentice – a rather discomfiting situation is observed. Only 56 per cent of employees have regular work, 27 per cent are engaged in casual work, and 16 per cent do piece rate work.

The experience of a large number of developing and even some developed countries has clearly demonstrated that a policy focus on privatization, liberalization, and deregulation, which is devoid of meaningful consideration on social dimensions and a participatory environment, fails to address effectively poverty, unemployment, and inequality. Indeed, dismantling of the labour protections accompanying greater labour market flexibility with a consequent rise in irregular work are the emerging labour market realities. Layoffs, redundancies, dismissals, and job relocations add yet another dimension to the concerns. Thus, a well entrenched system of bipartism and tripartism is clearly warranted to ensure the social dimension and provide a level playing field to both workers and employers. Indeed, the role of industrial relations is getting even more important in the wake of globalization. It is, for example, crucial in building consensus on labour market flexibility, employment protection, and social security.

Respect and implementation of labour rights is fundamental in creating conditions of work that offer freedom, dignity, security, and equal opportunity for all. The onus of responsibility for securing and implementing these rights lies with both the state and civil society. Engaging in policy dialogue is a dimension that is increasingly attributed to and taken up by trade unions, especially in the wake of liberalization, privatization, and deregulation – a role now acknowledged for the labour movement.

The constitution of Pakistan contains provisions for the economic and social well-being of the people and for the promotion of social justice. The existing set of laws takes care of conditions of work, such as: a) hours of work; b) rest intervals; c) weekly holidays; d) overtime work; and e) annual holidays with pay. Legal provisions also exist concerning: a) minimum age of employment for young workers; b) dangerous occupations; c) special provisions for women

¹³ A preparatory meeting towards this end was organized by WEBCOP in early June 2009; the basic purpose was to brainstorm on what was to be done, why, and how. A concept paper is now being developed by it as a follow-up.

workers and children; d) safety; e) health and hygiene; and f) welfare of workers in factories. Workers are classified into five categories: a) permanent; b) probationers; c) *badlis* (replacement); d) temporary; and e) apprentices. The labour laws in Pakistan, it is important to point out, only apply to workplaces employing more than ten workers and do not recognize those who work less than 180 continuous days per year.

The constitution of the country provides the right to form associations or unions and supports the progress of labour legislation for the benefit of workers. Most of the rights and privileges secured under labour laws are enshrined in the constitution, which stipulates the fundamental rights of the citizens. The right to association is guaranteed by the Pakistani constitution: Every citizen has the right to form associations or unions, subject to any reasonable restrictions imposed by the law in the interests of the sovereignty or integrity of Pakistan, public order, or morality. Workers as well as employers in any establishment or industry have the right to establish and to join associations of their own choosing, subject to respect for the law.

The rules and procedures for the formation of employers' and workers' organizations as well as their internal working, collective bargaining, and dispute settlement are set out in the IRA-08 (and, earlier, in its predecessors, the IRO-02 and the IRO-69). The IRA-08 defines the primary objective of formation of trade unions as being to improve relations between employers and workers and negotiate better terms of employment for their members. The right to form unions, however, is not available to those employed in hospitals, educational institutions, railways (open line), the national radio corporation, the security printing press, defence housing societies, agriculture, export processing zones, ordnance factories, the federal and provincial government services, and the informal sector. The Essential Services Ordinance allows public sector employees to form unions and bargain collectively, but denies them the right to strike work.

Under the law, there is no limit or restriction on membership for getting a certificate of registration for the first trade union in an establishment. The first union can get registration even with just a few members. There is also no stipulated limit on the number of members required for the registration of a second union in a plant or establishment. However, if a third union is set up in a plant or establishment, it requires membership of at least 20 per cent of the total workforce before it can apply for registration.

A union cannot get the status of a collective bargaining agent (CBA) until and unless it has more than one-third of the total number of workers employed in the establishment in its fold. If there is more than one union, the registrar has to notify the representative CBA in the establishment on the basis of a secret ballot of the members.

The representative character of a trade union in industrial disputes and to obtain representation on committees, boards, and commissions is denoted by the appointment of a CBA, a registered trade union elected by secret ballot. The CBA has the right to formulate and negotiate collective agreements with employers, thus settling terms and conditions of employment, wages and salaries, hours of work, and holiday entitlement and pay, among other things. Such agreements, once duly executed by both parties, become the source of law. The various steps set for dispute settlement include bilateral negotiations, conciliation, voluntary arbitration, works councils, and adjudication.

A review of collective bargaining agreements points to the importance of a functioning unionism at the plant level, which protects workers' rights and promotes their welfare. It is, however, important to point out that the charters of demands reviewed in this study are

conspicuous in the absence of union proposals on raising productivity and enterprise competitiveness and enhancing workers' skills.

Despite inheriting the concept and traditions of tripartism from British India, few Pakistan Tripartite Labour Conferences (PTLCs) have been convened since independence. However, a number of legislations promote a tripartite machinery for the regulation and administration of labour related institutions and even issues. A tripartite structure of governance is in place for the minimum wage boards, employees' social security institutions, employees' old age benefit institutions, workers' welfare boards, workers' education directorates, and the National Training Board. Workers and employers have equal representation on all these bodies.

The role of industrial relations in Pakistan is increasing due to the changing structure of the economy and with the growing share of the industrial sector in the economy. It is, nevertheless, important to emphasize that Pakistan's labour movement remains splintered along ethnic, sectarian, linguistic, and regional lines. Trade union federations are often centred on personalities. Few of them attempt to organize at the grass-roots level and tend to compete for the loyalty of the various enterprise based unions, thus promoting instability. Over the last ten-15 years, average membership has stabilized at about 135 members per union, down from nearly 2,000 per union immediately after independence. Union dues are not paid in many instances because of which the incomes of trade unions are low. This affects their activities and the services they provide to their members and creates dependence on external funding for their trade union work.

While several trade unions operate at a single plant or establishment, a large number of establishments have no unions or any other representation for their workers. This multiplicity of trade unions can be gauged from the fact that while there are more than 7,200 registered unions, there are only 1,905 CBAs – 26 per cent of these registered unions!

Despite this sorry state of affairs, a redeeming feature is the presence of the labour movement across industry – manufacturing, services, and even local government and civic bodies.

Nevertheless, the successful completion of the merger process of the three mainstream national centres and the formation of the Pakistan Workers' Federation in September 2005 is an important step towards the realization of one voice for all workers in Pakistan. The greater participation of the mainstream trade unions in WEBCOP also demonstrates the increasing realization of the leadership – both employers and trade unions – regarding the role of and need for bilateralism. This needs to be strengthened and institutionalized at the local level. WEBCOP also needs to increasingly address itself to the task of dispute settlement.

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Annex Table I
Salient features of two collective bargaining agreements of an ISO certified worsted fabrics producer

	First agreement: 2005	Second agreement: 2007
Date of charter of demands served by the union	August 2004	August 2006
Date of charter of demands served by the management	August 2004	August 2006
Date of agreement and tenure	- For two years w.e.f. 26 August 2004 - Agreement reached on 29 June 2005	- For two years w.e.f. 26 August 2006 - Agreement reached on 18 July 2007
Rate of annual bonus	Demand: Be raised from 35% to 50% and rate also applicable to those taking five unpaid leaves annually Agreement: Bonus rate: 36%, 32%, 29%, and 26% for workers taking unpaid annual leave and/or absenting themselves in a year for two days, three-five days, six-ten days, and more than ten days, respectively	NA
Annual increment	Demand: Should be minimum 10% Agreement: Permanent and clerical workers to get a rate of 60 paise per day and Rs 16 per month, respectively	NA
Sending for Haj (pilgrimage) with full pay	Demand: a) Three permanent workers selected through ballot sent for Haj with 45 days' paid leave; and b) any worker intending to perform Haj on his own to be given 45 days' paid leave Agreement: One permanent worker or officer only and selected through ballot	NA
Concessional loan for workers in distress	Demand: The amount be raised to Rs 200,000 and recovery made in 60 months, instead of 12 months Agreement: Amount to be raised by Rs 100,000, with other conditions remaining unchanged	NA
Eid advance	Demand: Amount be raised from Rs 600 to Rs 1,500 and it be given as an Eid gift Agreement: Amount increased by Rs 200 and to be repaid, other conditions remaining unchanged	NA
Punjab province special allowances	NA	Demand: Special allowances be integrated in the basic pay and the merged wage used for overtime, gratuity, and bonus Agreement: Said allowance to be gradually decreased and amount given as annual increment to be deducted from the said allowance

		to gradually reduce the said special allowance
Special allowances	NA	Demand: Union filed a petition in the court for payment of Rs 435 per month to workers, in addition to minimum wages and, if demand was accepted, union to withdraw the case Agreement: • The fixing of the minimum wage of a worker to exclude the monthly canteen allowance of Rs 70, house rent allowance of Rs 50, and conveyance allowance of Rs 50; • The union agreed to withdraw the court case
Retirement age	NA	Demand: Retirement age to be raised to 60 years as is applicable in government offices Agreement: The retirement age for men and women fixed at 60 years and 55 years, respectively
Good quality cotton to workers during Ramazan	NA	Demand: 40 metres of good quality cotton and 8 metres of factory made warm cloth for every worker Agreement: Instead of 25 metres of cotton cloth to permanent and eligible workers, 5 metres of mill made cloth for salwar-kameezes at the rate of Rs 165 per metre; worker to pay additional amount if the price increased
General conditions	• The union undertook to: a) make no additional financial demands during the currency of agreement; b) help in raising production and quality; c) maintain discipline and industrial peace; d) help management in eliminating time wastage • The agreement was not applicable to other units of the employer	• The union undertook to: a) make no additional financial demands during the time period of the agreement; b) help in raising production and quality; c) maintain discipline and industrial peace; and d) help the management in eliminating time wastage • The agreement was not applicable to the employer's other units • Benefits available under earlier agreements would continue as per the existing labour laws

Annex Table II
Salient features of collective bargaining agreements of a public sector insurance company

	First agreement: 2005	Second agreement: 2007
Date of charter of demands served by the union	January 2005	January 2007
Date of charter of demands served by the management	NA	NA
Date of agreement and tenure	- For two years w.e.f. 1 January 2005 - Agreement reached on 29 June 2005	- For two years w.e.f. 1 January 2007 - Agreement reached on 30 July 2007
Revision of pay scales	Agreement: 15% increase in existing pay scale of unionized staff w.e.f. 1 January 2005	Agreement: The basic pay would be fixed as on 31 December 2006 at the appropriate stage of the revised pay scale. The revised pay scale would be 25% higher than the pay and two monthly allowances, Rs 50 as compensatory allowance and Rs 300 as cost of living allowance
Conveyance allowance	Agreement: Increased from: a) Rs 655 to Rs 753 per month; and b) Rs 850 to Rs 978 per month	Agreement: Increased from: a) Rs 753 to Rs 950 per month; and b) Rs 978 to Rs 1,200 per month
Medical allowance (outdoor, including medicines and laboratory tests)	Agreement: Increased from Rs 1,800 to Rs 2,070 per month	Agreement: Increased from Rs 2,070 to Rs 2,800 per month
Education allowance	Agreement: Increased from Rs 300 to Rs 345 per child per month (for a maximum of three children)	Agreement: Increased from Rs 345 to Rs 600 per child per month (for a maximum of three children)
Canteen allowance	Agreement: Increased from Rs 700 to Rs 1,000 per month	Agreement: Increased from Rs 1,000 to Rs 1,300 per month
Utilities allowance	Agreement: Increased from Rs 550 to Rs 633 per month	Agreement: Increased from Rs 633 to Rs 1,000 per month
Burial expenses	Agreement: Increased from Rs 10,000 to Rs 20,000	
Cost of living and compensatory allowance	Agreement: As per the earlier agreement, Rs 300 per month for cost of living allowance and Rs 50 per month for compensatory allowance to continue	Agreement: The monthly Rs 300 cost of living allowance and Rs 50 compensatory allowance would cease w.e.f. 1 January 2007
Vaccination courses	NA	Agreement: management to extend OPD facility for polio and hepatitis A, B, and C vaccinations to employees and their dependents
Haj facility	NA	Agreement: Management to extend Haj facility to three employees and two officers every year through ballot from the PRCL Employees' Welfare Fund
Group insurance	NA	Agreement: Employees of Categories 1 and 2 to get coverage of Rs 150,000 and Rs 180,000, respectively, for death and permanent disability (earlier amounts were Rs 100,000 and Rs 120,000, respectively)

Budget for loans and advances	NA	Agreement: Rs 20 million would be allocated towards pending applications for house construction, house repairs, house rent advances, car and motorcycle advances; marriage loans were also to be allowed, but only for female employees
Waiving of outstanding loans and advances of deceased employees	NA	Agreement: In case of death of an employee during service, any outstanding loan or advance would be waived off on humanitarian grounds
Settlement of final dues on retirement or death of employees		Agreement: To be settled within one month of the retirement or death of an employee
General conditions	The union agreed that: a) all demands would be deemed to have been settled, satisfied, and withdrawn in accordance with and/or in consideration of this agreement; b) it undertook to not raise or pursue any demand having direct or indirect additional financial bearing during the period of the agreement; c) the cash benefits given in this settlement were to meet increase in cost of living and it would not claim any such measures announced later by the government; however, if the benefits announced by the government were over and above the amount of 'settlement', the balance amount would be given to the workers; and d) it would maintain discipline and cooperate fully and effectively with the management to maintain efficiency and to increase profitability	The union agreed that: a) all demands would be deemed to have been settled, satisfied, and withdrawn in accordance with and/or in consideration of this agreement; b) it undertook to not raise or pursue any demand having direct or indirect additional financial bearing during the period of the agreement; c) it would maintain discipline and cooperate fully and effectively with the management to maintain efficiency and to increase profitability

Annex Table III
Salient features of collective bargaining agreements of a tobacco company for two of its plants

	Korangi-Karachi plant	Kotri-Jamshoro plant
Date of charter of demands served by the union	September 2006	February 2007
Date of charter of demands served by the management	NA	
Date of agreement and tenure	- For three years w.e.f. 1 October 2006 - Agreement reached on 6 February 2007	- For three years w.e.f. 1 May 2007 - Agreement reached on 26 June 2007
Increase in basic pay	Demand: An increase of Rs 1,000 Agreement: A flat increase of Rs 170 in the basic pay of only permanent workers	Agreement: A flat increase of Rs 25 in the basic pay of only eligible permanent workers
House rent allowance	Agreement: An increase of Rs 55 per month for all eligible permanent workers	NA
Conveyance allowance	Agreement: Increased from Rs 145 to Rs 185 per month for all eligible permanent workers	Agreement: Increased from Rs 65 to Rs 110 per month for workers
Eid allowance	Demand: One bottle of cold drink (Rooh-Afza, a special drink in the Indian subcontinent) for Ramadan; Eid bonus doubled Agreement: One bottle of Rooh-Afza and Eid allowance of Rs 500 to be paid on the 15 th day of Ramadan	NA
Umrah during Ramadan	Demand: The company should send two workers for Umrah during Ramadan Agreement: One eligible worker to be sent for Umrah by the company during Ramadan	NA
Attendance allowance	Agreement: Increase from Rs 75 to Rs 85 per month for permanent workers whose authorized casual and sick leave do not exceed one day and two days, respectively, in a month	Agreement: Increased from Rs 140 to Rs 195 per month for permanent workers whose authorized casual and sick leave do not exceed two days in a month
Dust allowance	Demand: Permanent workers, according to the nature of their work, to be given dust allowance of Rs 50 per month Agreement: Allowance increased from Rs 40 to Rs 65 per month for eligible permanent workers in the primary processing and leaf departments	NA
Motorcycle scheme	Demand: One motorcycle was being given to a worker every year under this scheme by the company; the union wanted this to be raised to ten motorcycles per year	NA

	Agreement: Two Hero Motorcycle Model RF 70+ to eligible permanent workers every year	
General conditions	The union agreed to: a) extend full cooperation in attaining machine-wise production of desired quality at an efficiency level of not less than 75%; b) maintain/reduce wastage in cigarette paper, tobacco, and packing material at the targets fixed by the company; c) maintain industrial peace; and d) take no illegal action and maintain peace	The union agreed to: a) extend full cooperation in attaining machine-wise production of desired quality at an efficiency level of not less than 75%; b) maintain/reduce wastage in cigarette paper, tobacco, and packing material at the targets fixed by the company; c) not raise any additional/ fresh/ further demands involving financial implications or otherwise

Annex Table IV
Salient features of a collective bargaining agreement of a mineral development corporation

	Punjmin, Punjab
Date of charter of demands served by the union	March 2004
Date of charter of demands served by the management	NA
Date of agreement and tenure	- For two years w.e.f. 17 May 2005 - Agreement reached on 27 April 2005
Increase in basic pay	Demand: An increase of Rs 1,000 Agreement: A flat increase of Rs 170 in the basic pay of only permanent workers.
Eid allowance	Demand: Rs 5,000 be paid to each worker for Eid Management viewpoint: CBA representatives yet to provide precedent
Maternity allowance	Demand: Rs 4,000 be paid for confinement at home Agreement: Maternity allowance up to the limit of Rs 4,000
Ambulance services	Demand: Free ambulance service provided or cost of fare paid for patient and attendant Agreement: Submit each case separately
Provision of uniforms to road workers and timekeepers working at quarries	Demand: Uniforms provided to road workers and timekeepers working at quarries Agreement: Uniforms to the extent of present road workers at Mianwali
Job quota for dependents	Demand: Son of deceased employee be provided service immediately Agreement: As already in practice
Burial expenses	Demand: Rs 15,000 towards burial expenses of deceased employee be borne by employer Agreement: As already in practice
Rise in house rent allowance	Demand: Current house rent allowance of 40% of basic running pay be increased to 60% Agreement: A working paper to be prepared and put up before the board of directors
Conveyance allowance	Demand: Conveyance of Rs 700 and Rs 1,000 per month be paid to two different categories of employees Agreement: Union advised to wait for government announcement on enhancement of the allowance in the next budget

Project allowance	Demand: Allowance be paid at 30% of running basic pay to project employees Agreement: Union advised to wait for government announcement on enhancement of the allowance in the next budget
Bonus payment	Demand: Number of bonuses to be raised to three in a year Agreement: A working paper to be prepared and put up before the board of directors
Haj quota	Demand: Four employees be sent for Haj annually Agreement: Four employees to be sent for Haj by the management every year
Encashment of leave	Demand: Unused earned leave be encashable on the basis of gross pay Agreement: Encashment of 30 days' earned leave
Special daily allowance	Demand: 50% increase in special daily allowance without grading as local and non-local Agreement: Matter to be discussed with the concerned general manager for approval
Union office and facilities	Demand: Union office to be provided: a) Rs 2,000 per month for providing refreshments to guests; b) free direct telephone; c) full time attendant; and d) newspaper Agreement: a) Union office to get a justifiable increase in ration quota of tea; b) matter of free direct telephone deferred; c) full time attendant already provided; and d) daily newspaper to be provided
General conditions	Besides the above: a) any increase in allowances or any other facilities announced by the government should be awarded to the employees; and b) the provisions of the IRO-02 and other relevant laws should also be applicable to this settlement

Annex Table V
Salient features of a collective bargaining agreement of a coal project of a mineral development corporation

	Lakhara Coal Project
Date of charter of demands served by the union	February 2005
Date of charter of demands served by the management	NA
Date of agreement and tenure	• For two and a half years w.e.f. 1 January 2005 • Agreement reached on 26 January 2006
Increase in pay	Demand: Increase in wages Agreement: Monthly wage increased in the range of Rs 650-1,180
Allowances are merged in wages	Demand: Allowances be merged in wages Agreement: Monthly wage increase based on the statutory allowances
Bonus	Demand: Payment of bonus Agreement: The coal project employees, both regular and daily wage, were being paid two bonuses on their gross pay – this practice to be continued. The bonus to be inclusive of statutory bonus under section 10 (C) of the West Pakistan Industrial and Commercial Standing Order Ordinance, 1968
Medical facilities	Demand: Increase in medical facilities and to be extended to coal cutters with less than three months' service Agreement: Medical facilities to remain unchanged. Arrangements to be made for hepatitis B vaccinations. Medical facility to be extended to coal cutters with less than three months' service. However, medical operations requiring care in hospitals other than those empanelled with the company to be available only to employees with three months' service
Conveyance	Demand: To improve conveyance facilities Agreement: a) Old bus to be repaired and funds allocated for new bus next year; and b) ten motorcycles for workers on concessional loans, five each for project employees and zonal office employees
Overtime payments	Demand: Overtime rates be increased Agreement: Existing legal rate to be applied
Uniform	Demand: Uniforms also provided to other categories of employees Agreement: Uniforms and shoes to be provided to other categories of employees
Promotion of employees	Demand: Promotions to employees for good performance and on the basis of seniority Agreement: Promotion to next grade as: a) selection grade to one stenographer, stock checker, storekeeper and office assistant; b) two UDCs in accounts section as assistants; c) two UDCs in administration section as assistants; d) two timekeepers to the next grade; e) three haulage drivers to the next grade; f) one mining worker 'sardar' regularized; and g) allowance of head drivers increased by Rs 50 per month
Piece rate workers	Demand: Increase wages of piece rate workers Agreement: Rates increased for all categories of piece rate workers
General conditions	The union will not make any additional demands during the currency of the agreement, except those concerning the payment of legal bonus (es)

Annex Table VI

Salient features of a collective bargaining agreement of a mill that showed no net profit in the preceding year

Date of charter of demands served by the union	April 2007
Date of charter of demands served by the management	NA
Date of agreement and tenure	• For two years w.e.f. 1 January 2007 • Agreement reached on 29 June 2007
Increase in wages	Demand: Union pleaded that inflation and rise in cost of living justify wage increase Agreement: As a special case and without quoting it as a precedent, the management increased the wages of workers from 1 September 2006, averaging Rs 38.47 per day
Bonus payments	Not in the charter of demands Agreement: Management agreed profit bonus as per the law would be paid to entitled workers subject to net profit for the year ending 30 June 2007
General provisions	Not in the charter of demands Agreement: The management and the union agreed that any increase by the government in the form of increase in wages and/or cost of living allowance, or a Sindh province special allowance during the operation of the agreement would be set off and adjusted against the increase given in the agreement. And if there was no set-off clause, the increase granted in the agreement would be withdrawn and those notified by the government applied
General conditions	• The union accepted that the mill had been running up net losses up to 30 June 2006 • The union agreed not to raise any financial or non-financial demands during the currency of the agreement

Annex Table VII
Salient features of a collective bargaining agreement of an oilfield company

Charter of demands served by the union	December 2005
Charter of demands served by the management	NA
Date of agreement and tenure	- For two years w.e.f. 1 July 2005 - Agreement reached on 25 January 2007
Basic wages	Demand: Basic wages be increased by 35%, 30%, and 25% for employees with a monthly salary of less than Rs 6,000, Rs 6,001-10,000, and more than Rs 10,000, respectively Agreement: Wages increased by 19%, w.e.f. 1 July 2005, on the condition that any increase announced by the government would be subject to negotiations between the management and the CBA
House rent	Demand: House rent allowance be increased by 55% and 50% for employees at the head office and in the field, respectively Agreement: Allowance increased from 18% to 20% of basic pay for field staff living in their own accommodation and from Rs 1,700 to Rs 2,200 for head office staff
Utility allowance	Demand: 45% increase for all employees Agreement: Increased from 6% to 10% for workers in regular employment and drawing house rent allowance
Shift allowance	Demand: 20% of basic pay for all shift workers Agreement: Increased from Rs 200 to Rs 300 per month
Drilling allowance	Demand: 50% of all allowances Agreement: Increased by Rs 40 for all drilling workers and now stands at Rs 310-645 for different categories of workers
Special allowance	Not in the charter of demands Agreement: Increased from Rs 85 to Rs 150 per month for all entitled workers
Cycle allowance	Not in the charter of demands Agreement: Increased from Rs 65 to Rs 100 per month
Conveyance allowance	Demand: 40% of basic pay Agreement: Increased from Rs 75 to Rs 100 per month
Mess allowance	Demand: Mess allowance to be increased by: a) Rs 30, Rs 90, and Rs 120 for breakfast, lunch, and dinner, respectively; b) Rs 400 per day for lodging or overnight stay; and c) Rs 150 per day for head office workers Agreement: Official travelling allowance increased from: a) Rs 40 to Rs 50 each for lunch and dinner; b) Rs 200 to Rs 250 for big cities only; c) from Rs 105 to Rs 125 per day, and from Rs 30 to Rs 60 per day for head office staff to compensate for lack of canteen facilities
Clothing allowance	Not in the charter of demands Agreement: Allowance to be increased from Rs 50 to Rs 75 per month
Loans	Demand: Interest free loans of Rs 500,000 be provided to each worker for house construction or purchase and vehicle purchase Agreement: Existing loans to be recovered in 36 equal monthly instalments instead of current 24 monthly instalments
General conditions	Besides the above: a) any increase in allowances or any other facilities announced by the government to be awarded to employees; and b) provisions of the IRO-02 and other relevant laws to also be applicable to this settlement

Annex Table VIII

Salient features of collective bargaining agreements of a cement factory after industrial action and conciliation

	Agreement 1	Agreement 2
Date of charter of demands served by the union	July 2006	July 2008
Date of charter of demands served by the management	NA	
Date of agreement and tenure	- For two years w.e.f. 1 July 2006 - Agreement reached on 9 May 2009	- For three years w.e.f. 1 July 2008 - Agreement reached on 9 May 2009
Annual increment	Agreement: A four graded increment for all permanent workers: a) one increment w.e.f. 1 July 2006; b) one increment w.e.f. 1 July 2007; c) one increment w.e.f. 2 July 2008; and d) one increment w.e.f. 30 December 2008 - Arrears on account of the above increments to be distributed equally through monthly salary over a period of six years from June 2009 to May 2015	
Basic pay	NA	30% increase w.e.f. 1 July 2008 - Arrears on this account – from 1 July 2008 to July 2009 – to be distributed equally through monthly salary over a period of six years from June 2009 to May 2015
Canteen facilities	NA	Agreement: Canteen would continue to be run by the CBA and/or workers and its subsidy increased from Rs 100,000 to Rs 150,000 per year
Shift allowance	NA	Agreement: Increased from Rs 9.47 to Rs 12 per shift
Widow pension	NA.	Agreement: Rs 5,500 per month
Safety equipment	NA	Agreement: Safety equipment to be provided as per the law
Special medical leave	NA	Agreement: “Roadside accidents, whether inside or outside the factory,” to be added to the

		list of diseases and conditions for which special medical leave was allowed
TA/DA rules	NA	Agreement: Amount under TA/DA to be raised to Rs 300 per day
Utility charges	NA	Agreement: Up to 300 units of free electricity for those residing in the housing colony and Rs 300 per month to other workers
Time office/dispatch office	NA	Agreement: No interference by the CBA; time office to be shifted inside the factory
Eid package	NA	Agreement: Payment of Rs 10,000 each for the two annual Eids
Production bonus	NA	Agreement: Bonus of two days' basic pay per year for every 1,000 million tonnes of cement production in excess of annual target of 375,000 million tonnes
Uniform	NA	Agreement: No workers to work without uniform; management to provide a uniform and a pair of shoes per worker every year
Transport for burial rites	NA	Agreement: Free of cost transport to needy workers for burial rites of blood relatives
Marriage	NA	Agreement: A sum of Rs 25,000 out of arrears payable on account of 30% increase in basic pay/special increments to be paid on marriage of worker or his/her son or daughter, but no more than six cases to be considered per month
Sale of service	NA	Agreement: A sum of Rs 500,000 and Rs 600,000 to be paid to a worker who opts to surrender claim of his son/nominee in case he leaves the company two years before he retires at 58 years, or at the age of 60 years or less, respectively If a worker reaching retirement age foregoes his claim for employment of his son/nominee, his retirement age to be extended by two years as per existing terms and conditions

General conditions	• The union agreed that: a) demands not found in the agreement would be deemed to have been dropped or withdrawn; b) it would not make any further financial demands; c) it would extend full cooperation for improvement of working, efficiency, and production; d) it would make all out efforts to enforce discipline; and e) there would be no work stoppages, strikes, slowdowns, interruptions, or obstacles in dispatches • Workers would continue to enjoy all existing rights, privileges, benefits, and facilities already on offer to them and not mentioned in the agreement • Management would reaffirm the desire to enhance the plant's production capacity, subject to availability of finances and project viability; the CBA would commit to provide all cooperation for the purpose	• The union agreed that: a) any financial increases/calculations would be based upon the basic salary of the relevant year; b) it would not make any further financial demands; c) it would extend full cooperation for improvement of working, efficiency, and production; d) it would make all out efforts to enforce discipline; and e) there would be no work stoppages, strikes, slowdowns, interruptions, or obstacles in dispatches • Workers would continue to enjoy all existing rights, privileges, benefits, and facilities already offered to them and not mentioned in the agreement. This would be without prejudice to the position of either party in a court of law • Management would reaffirm the desire to enhance the plant's production capacity, subject to availability of finances and project viability; the CBA would commit to provide all cooperation for the purpose • After this settlement, the CBA would withdraw its case pending in court against the cement company, claiming restoration of a 30% pay cut.
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