

RULE OF LAW FOR MINIMUM WAGE IN PAKISTAN AND THE INTERNATIONAL OBLIGATIONS

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Abstract

This study aims to analyze the Pakistan's Constitutional Laws on minimum wage and their comparison with international standards. Pakistan passed its first constitutional law for minimum wages: The Minimum Wages Ordinance 1961, which was extended further, was named the Minimum Wage Rules 1962. A systematic analysis of laws and policies (till 2015) is presented; and by mean of comparative studies this research proves that 'minimum wage rules' in Pakistan, follows the instructions of International Labour Organization (ILO). ILO is providing support at national and provincial levels to align all labour legislations according to the international labour standards.

Key Words: Labour Laws, Ordinance 1961, Policies, ILO, Minimum Wage.

JEL Classification: J31, J38, J83, J88, L53

I. Introduction

This article is designed with the aim of exploration of minimum wage system of Pakistan in context of international labour standards. This article will provide a rich data on minimum wage in Pakistan with special reference of laws and regulations on minimum wages and its development till 2015. The countries of the world institutionalized minimum wages in their distinct ways and methods [Rubery (2003)]. The rate of minimum wages also varies country to country. Minimum wage rates can be determined on national, regional, occupational, industry, sector or sometimes specific categories level such as skill level or district level. Wage rates may be different by regional wise, occupation wise, industry wise, age wise, race wise, experience wise, skill wise, and according to union status. Other factors involved in wage rate position are the nature of the employment connection and condition of temporary, permanent, part-time or full-time basis [ILO (2013)].

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Before the separation of East Pakistan (now Bangladesh) in 1971, Pakistan had a complicated minimum wage system in a manner that there existed separate legislation for minimum wage. The Minimum Wage Ordinance 1961 was subsequently named the West Pakistan Minimum Wages for Unskilled Workers Ordinance 1969. The Minimum Wages Rules 1962 were also publicized in accordance with the Ordinance of 1961 [Iftikhar (2014)]. The all provinces compacts labour affairs in Pakistan, independently fixed the minimum wage rates. These rates vary among industries and skills and there also persist a national minimum wage rate prescribed by the government of Pakistan. The second part (Section II) of the study is designed to deal with the literature review. The data and methodology (descriptive comparative approach) of the study are discussed in Section III and IV, respectively. Results (Section V) and analysis of laws are presented in the form of tables and are given in systematically to reach the results. At the end of the article, conclusion and suggestions are presented in Section VI.

II. Literature Review

During the past few decades minimum wage issue has increased its importance (due to breakdown of unions) to place a stop to inferior remunerations as contrast to an average national wages, in labour markets [Kazandziska and Mahnkopf-Praprotnik (2009)]. Twenty-two states of European Union have already implemented the national minimum wage rules; but other countries like Austria, Denmark, Finland, Italy, Sweden, and Switzerland are determine to fix the wage-floor by entrepreneurs' groups and the trade unions, by means of collective bargaining [Ehrenberg (1994), Alderman and Greenhouse (2014)]. European countries, OECD countries or as groups, Canada and USA, all are significantly contributing in minimum wage policies [Addison, et al. (2009), Autiero (2008), Bellou and Kaymak (2012), and Sen, et al. (2011)].

Some researchers also believe that actual minimum wage is a problem of developing countries [Marginean and Chenic (2013)]. In developing countries, India is considered the pioneer of minimum wage policy [Rani and Belser (2012)]. Research on minimum wages has been undertaken and its empirical verification is found comparatively small; though its growth and empirical confirmation lacks in many of these developing countries [Lemos (2004)]. The declaration for minimum wages was passed by the International Labour Conference in 2008, which favored policies dealing with wages, salaries, environment of work and the working hours. The purpose of this declaration was to emphasize on equal opportunities and a decent wage-floor for all employees, especially the most vulnerable. The ILO provides information and techniques through its publications, and most of the countries in the world work on these principles and directions. Since 2008-09 three reports, known as Global Wage Report 2008-09, 2010-11 and 2012-13 were published.

Global wage report 2008-09, points that it is better for governments to build the purchasing power of people to encourage internal consumption. To achieve this goal,

consistent blend of wage policies like collective bargaining and minimum wage are needed [ILO (2008)]. The report opened the doors for further research and analysis for solid and revolutionary policy trials that can be eagerly deliberated for policy arrangements. Globally, more perfection is required to monitor and improve wage developments, wages statistics, data quality and analytical methodology along with the issue of better plan and managed minimum wage systems. Furthermore, extra attention must be paid to reflect change in price when setting the minimum wage level to protect poorly paid workers. For assessment of policy makers of the world economies, ILO has given practical examples in its report [ILO (2010)]. As discussed in this report the minimum wages in context, have much significance and vital role; and that is why it is in function in approximately 90 per cent countries of the world. The second ILO report emphasizes the ideal level of minimum wages which cannot be determined easily. However, the ILO Convention No. 131 describes a tripartite system which involves employer and employees, on the basis of equality and autonomous bodies with general interest for the purpose of economy. ILO encouraged 120 member countries to work on minimum wage and to regularly reconsider and update it to reduce poverty, shrink in equity, contribute in economic stability, and to boost up demand. In November 2009, the tripartite actors from various Central and Eastern European countries agreed on the need to have minimum wages as a wage-floor to protect the most vulnerable workers. The Caucasus and the Central Asia also reached on the same conclusion.

For recovery from the crises, jobs and income based policies are needed [ILO (2010)]. For fair globalization and assure equal uniform opportunities the ILO presented Decent Work Agenda that covers human rights at work, development of enterprises and protection of employment, social safety and, social negotiation, and tripartite consultations. The rationality of globalization, open economies and societies spins around the ability of working force to get reasonable amount of their work. This is why the ILO emphasized on minimum wage policy and guidance to its member countries through its publications on minimum wage. ILO renders the wage policy which positively affect wage and decrease disparity of the lower fifty per cent of the labour market. However, collective bargaining reduced wage disparity and pledge a positive relation between economic growth and average wages. Wage policies can play a positive role towards more sustainable socio-economic conditions [LO (2010)].

In 2012-13 the ILO report, reached the conclusion that minimum wage is still a debating issue on policy agenda of all economies. In spite of its limitations minimum wage transform is seen in developing and emerging countries and it is noted that minimum wage is also helpful in poverty reduction. Usually, a complication which exists in developing countries is that, wage earners belongs to influential class. In order to bind the private firms to pay minimum wages, employment guarantee rules/schemes should be introduced in developing economies. Only fifty per cent of the employees earn wages in developing and new born countries; and even in Pakistan the ILO reported (in 2005) that out of every ten unpaid workers, approximately eight employees

earn wages (own-account plus unpaid family workers), and live in extreme poverty. By ensuring a social protection system, workers will be able to invest for families in form of education, domestic consumption demand and raised living standards, rather than the defensive savings [ILO (2012)].

Dolado, et al. (2000) stated that in welfare states, minimum wage role is found by means of the most effective tool as contrary to other instrument, like in work benefits of unskilled labour, income tax and subsidies. The tune of minimum wage dis-employment effect is based on particular determination model of pay and employment. This should be ignored with great accent for working to achieve welfare states as many countries are engage in this, nowadays. Eyraud and Saget (2005), explored and enhanced the information provided in the ILO database. The richness of minimum wage policy tool describes the level of risk losing or defending low wage workers or increase in wage discrimination. Considering only the employment effect, the benefits of minimum wage policy cannot be judged, but it is worth for workers welfare and for the economy it should be considered. It is possible that minimum wages would be unfavorable for some unprotected workers but it may be beneficial for some other groups of vulnerable workers, such as teenagers, female workers, migrants and workers not protected by collective agreements. It is also claimed that minimum wage policies are successful in reducing wage inequality.

Boushey (2014) demonstrated the most excellent way to fight against poverty covering some people on job, offering decent wages that helped them to come out from poverty. The very first step towards economic protection is minimum wage protection and setting its value on a sensible level, according to the cost of living by time. The minimum wage has primary importance in all policies for vulnerable employees. During 1990s, Irfan (2009) analysed the wage structure in Pakistan and suspected that due to low GDP growth and Presser Amendments, the government exhibited compassionating towards labour in form of violence of trade unions, as well as the declaration of minimum wage policy. To ensure and address the sustenance inequality issues in the country, there is a need to have a fresh look at the labour policy and wage policy. It is further stated that a great care should be taken before implementing policies. All aspects like sectors and age differences, and interference with the existing wage setting procedures or in-work benefits or payroll taxes should be glanced. The State Bank of Pakistan [SBP (2013)] contributed to the developing literature on empirical evidence for wage rigidity. Through the use of structured interviews the SBP pointed out that presence of nominal wage rigidity is explained by the minimum-wage and such changes should be considered by all sectors, irrespective of time.

Tazeen (2005) briefed on the parliamentarians who aims to contribute to the widespread debate on labour reforms and to provide momentum for government's legislative body to play a more practical role in labour reforms plus the policy formulation. It contains precious knowledge regarding rules, regulations, authentic definitions of all terms related to labour and wages to understand labour issues in Pakistan. This re-

port reveals the 87th ILO convention on 'freedom of association' and the Federal Shariat Court's judgments. PLJ 1984 FSC, 164.8 in 1983 (for rights of association) also support the welfare of labours which results in remarkable remunerations and implication of a minimum wage for labours. However, the right of minimum wages is very limited for labours. The determination of minimum wage is fixed for the number of hours expended on job but minimum wage earning for home based workers for the same/more hours is not sure. For the systematic determination of minimum wage, a Tripartite National Wage Council exists in Pakistan. This council sets minimum wages according to the conditions of economic growth of the state and the respective province for different business activities, industries and occupations. In order to endorse better employment prospects and conditions in Pakistan, several important issues are required to be dealt. Along with the amendments of labour laws mounting procedural rules and system should be followed to smooth the progress of accomplishment.

Zeenat (2007) found that in 2000, monthly minimum wages in Pakistan were fixed at Rs.4,000 for the fourth time in 37 years; though the rate was not sufficient to uplift 36.4519 million people out of poverty, as official poverty line set was 2,350 calorie (Rs.29.29) per adult per day. It showed that just for food expenditure a family of average 7 (6.8) members required Rs.5,975 per month. Periodic reviewing minimum wages having positive effect for low wage earners in form of increased real wages, as well as the exploitation of shrank workers. Contrarily, if minimum wages are not implemented in letter and spirit, poverty will increase in presence of high level of unemployment and underemployment. As minimum wages for unskilled worker were fixed at Rs.4,000 per month the real wage differential between high income and low income groups increased in Pakistan. However, for professional and managerial staff a package was increased to Rs.100,000. Another problem is that in the some sectors (unskilled, semi-skilled workers) daily wage earners, and for women minimum wages are not implemented properly.

The second section of the Piler report (2010) contains an article,¹ which states that Pakistan's wage regulation system was made through provincial level decentralized tripartite wage boards. The statutory monthly minimum wages determined by the federal government are further determined in different categories of work and sectors by the provincial government's wage boards. The recently discussed two informal sectors (textile and brick-kilns) are the key concern of workers for wage fixing. Pakistan's labour is facing extensive problems due to which economy slopes downwards and restrictive labour legislation is increasing. Powers of labour unions having collective bargaining rights are shrinking and only less than 3 per cent of labour force is unionized. Since July 2009, minimum wages were fixed at Rs.7,000 per month which was not implemented, and 60.3 per cent of the population is living at \$2 per day; whereas, 22.6 per cent of population is earning \$1.25 a day (minimum wage at \$2.7 per day). Although, the federal government regulates the labour policies but the provincial governments have rights to

¹ Minimum Wages and Collective Bargaining, Emerging Initiatives in the Informal Sector, by Zeenat Hissam.

formulate policies or laws, if required. This is the reason of different wages for same work, same industry and similar other work areas, within provinces. Minimum wages are implemented in 51 scheduled categories of the Punjab and 36 categories in Sindh.

Sabur (2009) demonstrated the first labour policy of Pakistan which caught attention to promote collective bargaining for growth of authentic and vigorous trade unions and raising living standards of the work force. For the growth in productivity and for increasing efficiency, it is necessary that employers and employees should have strong relationship. The government of Pakistan is responsible for better living standards, working conditions, satisfactory amount of labour, and social security in form of social insurance or in any other possible form as prescribed in the labour policy. Moreover, the government should ensure that factories/industries possess proper standing orders, healthy trade unionism and encouraged the collective bargaining. Also the policy emphasized on workers wellbeing be related to feed the cloth and shelter.

Review of literature on minimum wage policy includes working papers, research theses, and official reports of governments about different organizations. Most of these studies emphasize that minimum wage is a robust policy which should be implemented with great care by authorities, according to economic conditions of the economy; and by keeping an eye on needs of the most vulnerable workers. Research has been undertaken in different countries on different aspects of minimum wage, to check its effectiveness. In Pakistan research literature on minimum wage system is also emerging.

III. Data

Legal documentation based on international labor standards and national legislations work as secondary source of the study, are on reports, books, reviews and research on Pakistan, as well as, all its provinces. ILO conventions and ratifications used in comparison with Pakistan's laws are convention (No. 26); namely, the Minimum Wage-fixing Machinery Convention of 1928; Convention No. 131, the Minimum Wagefixing Convention of 1970; CO81, the Labour Inspection Convention 1947 (No. 81); along with the international obligations or treaties, the universal declaration of human rights and the international covenant on economic, social, and cultural rights. The data on Pakistan's legislation is taken from the Pakistan's laws; the Minimum Wage Ordinance 1961; the Payment of Wages Act 1936; the Factories Act 1934; West Pakistan Minimum Wage Rules 1962; West Pakistan Minimum Wages for unskilled Workers 1969; the West Pakistan Shop and Establishment Ordinance 1969; and the Pakistani Policies Labour Policy 2002; Labour Protection Policy 2005 or the Inspection Policy 2006; and the Labour Policy 2010.

IV. Methodology

This study is based on qualitative research in which the systematic comparative approach is used for exploration of the labour laws taken from the Pakistan minimum

wages, in relation to the international labour laws. The procedure of a comparative method follows depiction and fetches into focus suggestive comparisons and difference of the industrial labour minimum wage laws.

1. Legal Legislation Indicators

To identify national labour standards relevant to minimum wages for labour in the industrial sector of Pakistan, the following indicators are used as foundation for comparison with the international labour standards:

1. Minimum wages for industrial sector.
2. Machinery for minimum wage.
3. Social and economic factors and review.
4. Working hours according to earning.
5. Deductions.
6. Inspection.

The study use the rule of laws (on the above indicators) as given in the Pakistan's constitution, policies and laws in order to find objectives of the ILO and other international standards as revealed in the national labour legislations. On the above mentioned indicators the national and international laws are checked, analysed and compared (one by one) to find if Pakistan is following the international labour standards for labour legislation on the topic of minimum wages. The first indicator checks the given minimum wages to be compared at national and international levels; the rules for creating machinery for minimum wage-setting are checked by the second indicator; the third indicator shows the social and economic factors which are given importance in national laws when reviewing minimum wages, and whether they match with the international obligations. The fourth, fifth and sixth indicators checks the similarities and contrasts of working hours, deduction rules and inspection network as defined by national and international laws. The analysis of laws is presented in tabulation form (Tables 1 to 5) and all results are discussed together with the information obtained from the review of papers and reports.

2. Review and Analysis for Comparative Approach

The legal legislation based on labour in industrial sector of Pakistan is studied and compared with international standard of labour. For this purpose, legal documentation based on minimum wages, national and international laws and policies were studied. This study presents the qualitative analysis of related legislations on the topic and all similarities and contrast of national laws, checked in accordance with international laws through the comparative approach method. The study involves in the systematic analysis of labour legislation. The policies and laws of Pakistan are main source for

getting information about the legislations involved in minimum wages for labour of industrial sector. On the other hand, the International labour organization's conventions and recommendations, and some other international obligations which Pakistan is following, are used as a source of focused indicative resemblance and the dissimilarities of labour laws of Pakistan.

V. Result

1. Minimum Wages Legislation Findings

The prerequisite of labour standard is to care for all wage earners [CO131, CO26, 1961 Section 2(9), and Labour Policy (2010)]. Consequently the Supreme Court ordered all provinces of Pakistan to fix and notify minimum wage rates of skilled and semi-skilled workers.

a) Minimum Wages for Industrial Sector

CO131 is free to decide as to which group of wage earners is to be covered for trades (manufacturing and commerce). Consequently, Minimum Wage Ordinance 1961 cover juvenile and adult unskilled workers but law is confined to those industrial undertakings where 50 or more workers are employed. However, the Factories Act 1934 defines the workplace where 10 or more workers are engaged on job; but the provincial government has authority to expend the net of minimum wage for those work places where 5 or more workers are working.

b) Machinery for Minimum Wage

Pakistan has tripartite actors for minimum wage regulations which consist of the government, the employers and employees (also as members). The Board consist of four members (Punjab Law 5), Chairman of the Board and one independent member, one employer's representative (Punjab 3 include one woman) and one workers' representative (Punjab 3 include one woman). Additionally in Punjab and KPK minimum approved wage laws have one member from particular industry/employer and worker side.

c) Review and Factors for Minimum Wage Level

When setting the level of minimum wages, different factors are taken into consideration in different countries. According to Section 7 of the cost of living it means that consumer prices (as minimum wage rates) are revised with change in consumer price level. Economic conditions interpretation is that decent minimum wage rates revise the living standards.

d) Working Hours and Deductions

The government of Punjab allows total deduction of Rs.162 per month for housing/accommodation provided to each employee; and total Rs.33 per month for transport facility, on settlement between the workers and the employer. Conversely, other provinces variable or incentive allowance (non-statutory) or value of welfare facilities together with the house rent/allowance or free house and transportation cannot be in sync against the minimum wage rates.

e) Inspection

A separate and independent labour inspection system would be present in provinces without any central inspection body. Results of the study shows that, the

TABLE 1
International Law vs Pakistan's Law of Minimum Wages

Parameters	International Standards		Pakistan's Legislations	
	Laws & Regulations	Description	Laws & Regulations	Description
Minimum Wage Legislation.	CO26	MW for Trades (manufacturing & commerce), parts of the trades, home working trades (Articles 1, 1 & 1, 2).		Minimum wage for industrial sector (Section 3).
	CO131	Proper coverage of all wage earner groups (Article 1).	1961 Act.	Adult unskilled workers and juvenile workers (section 4) to fix MW for the workers of those industries where effective regulation of wages do not exist (Section 5).
Labour Covered.	CO26	Free to decide for whom in trade after consultation with the organization (if exist) concerned (Article 2).	1961 Act.	Govt. fix the wage rate for skilled, unskilled, rational, mechanical, office work, manual, or additional work, as well as domestic work for hire or reward [Section 2(9)].
	CO131	Group of wage earners decided by the authority who is assigned (Articles 1, 2).		

Source: ILO, 2015.

current state of affairs of laws and policies of minimum wages in Pakistan would be according to the international standards of labour with broad technical support provided by the ILO. ILO provides support on national and provincial level to align all labour legislation according to its standards after reporting to the ILO administrative machinery. Moreover, in January 2014, the government of Pakistan successfully lobbied with the EU to avail the country with a GSP-plus facility, and now the Pakistani export is accessed duty-free to the European markets. However, the award of the GSP-plus scheme is contingent on successful application of reporting on 27 United Nations Conventions, including the 8th ILO Conventions.

In Pakistan, there is a separate minimum wages legislation, namely, the Minimum Wages Ordinance 1961, which exist with promulgation of Minimum Wage Rules

TABLE 2

International Law vs Pakistan's Law for Machinery

Parameters	International Standards		Pakistan's Legislations	
	Laws & Regulations	Description	Laws & Regulations	Description
Machinery for Minimum Wage.	CO26 & CO131	Free for decisions regarding nature, form and working method, but must be given equal participation to workers and employers in the operation. [Articles, (1), (2), (2)].		For provinces MW boards established by provincial government (Article 3).
	CO26	Earlier the machinery for MW made functional, representatives from both sides, that are employers and employees should be consulted, together with agents of their relevant organizations, if any, shall be refer to in addition to any other personnel, being particularly skilled for that motive by their trade or functions, whom the capable specialist deems it beneficial to consult. [Articles 3, (2), (1)].	1961 Act.	The MW board established with after session with the worker and employers organizations by giving them equality in discussion (Section 3).

1962. The federal Government of Pakistan announced minimum wages named, the West Pakistan Minimum Wages for Unskilled Workers Ordinance, due to which Pak-

TABLE 3
International Law vs Pakistan's Law for Review
and Setting of Minimum Wage Level

Parameters	International Standards		Pakistan's Legislations	
	Laws & Regulations	Description	Laws & Regulations	Description
Social & Economic Factors.	U.N. Universal Declaration of Human Rights 1948).	Sufficient living standard + health + well-being of the person & family + suitable remuneration & social protection.		The worker and his family necessities, over-all wages in the country on general level, living cost and comparative living standards of other community groups, productivity and skilled level of workers, capability of employers to give salaries, national economic conditions, inflation level.
	(International Covenant on Economic, Social and Cultural Rights 1966).	Just & optimistic circumstances of work + fair remunerations + equal compensation + decent living standard.	1961 Act.	
	CO131	workers + family's needs, countries general wage level living cost, social security benefits, living standards of other eco-develop requirement, productivity level + employment (Article 31a).		
Review	CO131	Review the minimum wage time by time as per requirement. ILO (Article 1.)	1961 Act.	Reviewed on the basis of change in economic conditions/cost of living/other relevant factors, at least after one year but before three years (Section 7).

TABLE 4

International Law vs Pakistan's Law for Working Hours and Deductions

Parameters	International Standards		Pakistan's Legislations	
	Laws & Regulations	Description	Laws & Regulations	Description
Working Hours.	U.N. Universal Declaration of Human Rights 1948.	Everybody possess the right of relaxation and rest, constrained time for work and intervallic holidays with pay (Article 24).	1961 Act.	Nothing mentioned.
	C001	Working hours shall not be more than eight hours in a day and forty eight hours in a week of the workers of public or private industrial undertaking and their franchises, (Article 2).	Factories Act 1934.	48 hours a week or 9 hours a day for adult, 7 hours a day and 42 hours a week for under 18. 50 hours in a week and 10 hours in a day (seasonal factory), 56 hours in a week (for technical continuous work).
Deductions.	C095	Deductions legitimate, depends on conditions and extent approved by national laws and regulations or can be fixed by collective contract or negotiation award.	Payment of Wages Act.	Deductions due to duty absence, any indemnities or loss of commodities, for house accommodation, for recovery of advances, of income tax, order of a Court or other authority, for repayment of advances, for payment to co-operative societies.
	ILO Recommendation 85.	Deductions from earnings shall be restricted in order to safeguard the looking after workers with their families. Likewise, deductions should be done when found the worker clearly responsible for damage/loss after a fair investigation or examination.		Overall quantity of fine in a particular wage time (period which can be all-out 30 days) can't surpass 3% of the earnings owed to the employee.

TABLE 5
International Law vs Pakistan's Law about Inspection

Parameters	International Standards		Pakistan's Legislations	
	Laws & Regulations	Description	Laws & Regulations	Description
Inspection	C081	In industries a labour inspection system should be there (Article 1).	1961	The minimum wage board is responsible to appoint inspectors/officers and propose powers and functions to them (g).
		Labour inspectors appointed for the legal provisions such as payments, welfare, hours, safety, health, child labour, juvenile, and other connected matters [Article 3(1, a)]	1962	Labour inspectors should be appointed by the government for the regulation and inspection of the compliance related to minimum wages (Sections 21 and 22)
	C081	For provision of legal conditions related to work and workers protection, the system of labour inspection run by labour inspectors in industrial workplaces (shall apply to all workplaces). [Article 2(1)].	Labour Policy 2006	To deals with the matters related to enforcement of rights, employment and work conditions a collective bargaining agent is required in every industry, revealed in Provincial Industrial Relations laws.
	CO131	Suitable inspection strengthened by additional essential measures, shall be taken to guarantee the effective solicitation of all provisions concerning to minimum wages (Article 5).	1961	To listen and resolve all the claims (grumbles) regarding non-payments or delay in the payment of wages anyone as an authority may be appointed by the provincial government (Section 9A).

Source: ILO, 2015.

TABLE 6
Increase in Minimum Wages Year by Year (2010 to 2015)

Year	Wage per month (PKR) [monthly]	Wage per month (US\$) [monthly]	Single National Minimum Wage/ Provincial Minimum Wage for unskilled workers after (Devolution of Labour in 2010-2015)
2010	7000	83.83	Baluchistan, Sindh and Khyber Pakhtunkhwa: 7,000 (Punjab: 8,000).
2012	8000	86.39	Baluchistan, Sindh and Khyber Pakhtunkhwa: 8,000 (Punjab: 9,000).
2013	10000	102.56	Baluchistan, Sindh, Punjab and Khyber Pakhtunkhwa: 10,000.
2014	12000	124.1	Baluchistan, Sindh, Punjab and Khyber Pakhtunkhwa: 12,000.
2015	13000	130	Baluchistan, Punjab and Sindh,: 13,000 (Khyber Pakhtunkhwa: 12,000).

(US\$ equivalents are calculated by using the average annual conversation rate in the corresponding year).

Source: www.paycheck.pk

istan's minimum wage system seems complicated, as after 18th amendment the labour legislation has been fully granted to provincial governments; but, due to the international commandments regarding labour, the federal government has the right to keep an eye on labour legislation matters.

Currently, the ILO report 2014: Strengthening National Capacities for ILS Compliance in Pakistan (on national and provincial levels) is an umbrella program betrothed by tripartite actors, to fulfill the international commitments on the subject of labour. Previously the weakness of minimum wage legislation was due to overlapping and limited coverage of laws; but now with collaboration of ILO the task is assigned to all provincial governments to make their own labour laws or do amendments in the present laws and making them simple, coherent and up-to-date. For strengthening labour inspection system a project has been started by ILO, for the entire country (2015 to 2018) in partnership with the Netherland Ministry of Foreign Affairs. The project strategy on labour inspection is guided by various ILO instruments. Pakistan has not yet ratified the ILO conventions regarding minimum wages but with the help of ILO, it is working on the labour legislation including Minimum Wages Acts since 2010 and advocating minimum wages for juvenile/unskilled workers regularly. Pakistan has constituted about 70 laws on labour issues and after 18th amendment in the constitution these legislations have entered into a new phase, since 2010. The government of Pakistan is in

the process of consolidation and rationalization of labour laws. All these laws are being consolidated in different categories. The first law which provides rules for formation of the Board for Minimum Wages on provincial level is the Minimum Wage Ordinance of 1961. It provides equal level of workers and employers representation for deciding minimum wages for unskilled and other workers in any particular industry or for the entire province. The law protected those organizations which consist of 20 or more than 20 workers but then again in 1965 its assortment was distended to enterprises employing 10 or more than 10 workers. The new ordinance, the West Pakistan Minimum Wage Ordinance (in 1969) covered only the organizations with 50 or more workers. As a result of this change, the small size organizations were able to cover the minimum wages board made by the provinces under 1961 Ordinance.²

Before 2010, the Federal Government of Pakistan was responsible to set minimum wages of workers but after 18th amendment (the new labour policy 2010), this jurisdiction was given to provinces. Currently, the Federal Government has fixed the minimum wages at Rs.12,000; Punjab Government at Rs.12,000; Khyber Pakhtoon Khawa at Rs.15,000; Sindh at Rs.11,000; and the Baluchistan Government at Rs.9,000. Minimum wages are fixed by federal or provincial governments for all unskilled adult or juvenile workers; but for skilled or semi-skilled workers minimum wages should also be determined under the Charter of 1961 Ordinance. It is also necessary that minimum wage should be double the existing poverty threshold. Pakistan's minimum wage rate is more than the Indian minimum wages but lower than Iran, China and other developing countries of Asia. Minimum wages are declared accordingly to the Minimum Wages Ordinance 1961, for all industrial organizations either skilled, unskilled or apprentices. However, household workers do not cover the government establishments, coalmine employees, and the agriculture labours; but the fixation of wages for coal mines workers is in accordance to the Ordinance of 1960.

VI. Conclusion and Suggestions

1. Conclusion

Regarding minimum wages, Pakistan has not yet ratified the recommendations of ILO conventions; but with its help the work on labour legislation including juvenile and unskilled workers is in process. Results of systematic study shows that the current state of affairs of laws and policies of minimum wages in Pakistan would finally emerge in accordance with the international standards with broad technical support provided by the ILO. On national and provincial levels ILO is providing support to align all labour legislation which suits the international labour standards for being in power with application of these standards at national level.

² Pakistan's wage structure during 1990-91; 2006-07 by Mohammad Irfan.

2. *Suggestions*

The other labour markets and institutions, such as unemployment benefits, employing and dismissal legislation, and the unions should also be considered by policy-makers who are concerned with minimum wage. In the past these interactions were not taken into account before fixing the minimum wage. However, they have potential to minimize the probable negative effects of minimum wages. Our provincial governments should also follow the suit as the issue of minimum wages in some sense is untouched in Pakistan. Further, research can be explored in different perspectives of minimum wages in our economy; specifically, the research is needed to have at least the information regarding the extent of minimum wage implementation as a data base. Furthermore, the minimum wage effect on formal informal sector labour shuffle, unemployment effects, domestic workers effects and teen agers effects, can assist the policy design.

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