

**Summary of  
the Labor Situation  
in  
PAKISTAN**



**INTERNATIONAL COOPERATION ADMINISTRATION  
Office of Labor Affairs**

**Prepared by  
UNITED STATES DEPARTMENT OF LABOR  
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### Foreword

This series of handbooks and summaries of the labor situation in selected countries has been prepared primarily to provide background material for the technical cooperation program: for the staff of the International Cooperation Administration, for U.S. trade union and labor specialists assigned abroad, and for U.S. specialists who will meet foreign participants in the program who are visiting the United States.



Summary of the Labor Situation in Pakistan

(Prepared by the Division of Foreign Labor Conditions)

I. Population

The eight-year-old state of Pakistan, with a population of some seventy-eight million <sup>1/</sup>, including more than eight million refugees from India, comprises two separate wings on either side of India at a distance of eleven hundred miles.

West Pakistan is a collection of provinces and smaller states <sup>2/</sup>, which are shortly to be fused into a single political and administrative entity. In size, West Pakistan is comparable to Texas and Louisiana combined. It accounts for eighty-five percent of the land area of Pakistan but only forty-four percent of the population. Population density varies from 8.8 persons per square mile in Baluchistan including the States Union, to 259 in the Punjab and 1,387 in Karachi (population density in the United States is 50.7 per square mile). Almost all of the West Pakistanis are Muslims.

East Pakistan, (East Bengal) with 15 percent of the land area-- about the size of Wisconsin--and 56 percent of the population, is one of the most densely populated areas of the world with 777 people per square mile. About three-fourths of the people are Muslims and the rest are Hindus.

II. Labor Force

Less than one-third of the population is in the labor force. This ratio is lower than that of all other countries except Cuba, Mexico, and Puerto Rico.

Although the industrialization drive is proceeding rapidly, it is still in an early stage. In 1951, three-fourths of the labor force were engaged in agriculture, and only five and one-half million workers, or about seven and one-half percent of the total population, were in the non-agricultural civilian labor force. Of these, only five percent were women, and only two-fifths were working for wages and salaries. The high proportion of employers or workers "on their own account" reflects the importance of small-scale and "cottage" industries utilizing family workers at home or in tiny shops, largely on hand work.

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<sup>1/</sup> U.S. Census Bureau estimate for 1955 based on 1951 Pakistan Census.

<sup>2/</sup> Punjab, Sind, the North West Frontier Provinces, Baluchistan, Bahawalpur, Chitral, some smaller states, and the Federal Capital Area of Karachi.

Approximately one-fourth of the non-agricultural civilian labor force was employed in manufacturing in 1951. Major products are textiles, railroad equipment, metal products, sugar and chemicals. Twenty percent were in trade and commerce, 12 percent in domestic and personal services, and large numbers in transport. The Government is the largest single employer with its postal, telegraph, and telephone services, ports, road transport, defense installations, printing establishments, mint, salt mines, public works, and educational institutions.

According to an ILO Interim Manpower Survey report <sup>3/</sup> submitted in March 1955, covering 770,307 workers in 4,996 establishments, 84 percent of the employees are manual workers (of which half are unskilled and the rest skilled and semi-skilled), 3 percent are "highly technical" personnel, and 13 percent are administrative, managerial, or clerical workers. Thirty percent of the workers were employed by the government, ten percent by semi-governmental institutions (financed jointly by private and public funds and generally subject to government supervision and control), and the remaining three-fifths were privately employed. The majority of workers are employed in small firms of less than 100 employees. There are serious shortages of technical, administrative, managerial, stenographic and professional skills, especially in textiles, chemicals, glass and glass products, and metal products including heavy machinery.

### III. Unemployment

Despite particular shortages of workers, unemployment and underemployment are serious and chronic. This stems basically from the pressure on limited natural resources of a rapidly growing population, swollen by millions of refugees from India. The fact that the economy is predominantly agricultural and that at the same time there is a lack of supplementary job opportunities in industry, makes for a high degree of seasonality in employment. Also the severe import restrictions which were necessitated by the industrialization drive and the consequent need to limit consumption have particularly affected small scale and cottage industries, which have been forced to curtail operations and fire workers because of inability to obtain raw materials. Recently a number of steps have been taken to rehabilitate such industries through credit facilities, planning surveys, technical assistance, sales promotion, and provision of equipment and raw materials.

### IV. Worker Efficiency

By western standards, labor productivity is very low. Partition depleted the country of its relatively few teachers, skilled workers, and

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<sup>3/</sup> Interim Manpower Survey, Report, Employment Levels and Shortage Occupations in a Selected Group of Employing Establishments in Pakistan. Survey conducted by Ministry of Labor in cooperation with ILO, March 1955.

administrative and professional personnel, most of whom were Hindu. Also, the greater part of the educational and training facilities were located in territory that is now Indian. In 1951 less than one-fifth of the Pakistanis could read or write.

This has placed the burden of worker training on the employers themselves, but not many have accepted the challenge. There are no general laws or regulations governing apprenticeship and very few organized training-within-industry programs. Recently, however, the ILO has sent experts to stimulate such programming and to organize a "Training-Within-Industry Association." Also the Government of Pakistan is expanding its educational and vocational facilities:

Inadequate diets and sub-standard living conditions contribute to worker inefficiency and to a heavy rate of absenteeism. Also labor productivity is influenced by deficiencies in management--e.g., inefficiency of mechanized operations, layout and handling of raw materials; inadequate equipment; and out-dated supervisory and personnel techniques.

#### V. Recruitment

The government employment service with its system of eighteen employment exchanges is not equal to the recruitment needs of a country embarking on an industrialization drive. The recent ILO Manpower Survey report concluded that "the employment exchanges in Pakistan are inadequately staffed, the personnel needs extensive training, and new premises and equipment are required in order that this agency may play its part in the economic development of the country." The ineffectiveness of the present system is evidenced by the fact that neither workers nor employers make significant use of the exchanges; also that the ratio of placements to registrations over the past nine years has been quite low, and has steadily decreased.

The system of contract labor is wide-spread--i.e., recruitment through sub-contractors who are not considered to be subject to labor laws, thereby enabling the industrialist to evade his responsibilities toward workers in terms of selection, hours, wages and working conditions. Contract labor is especially common in coal mining, cotton ginning and pressing, jute pressing, textile mills, building materials and construction, and transport industries (particularly dock workers).

Because laborers are relatively immobile due to local and family ties, lack of funds, and inadequate housing and transportation, labor shortages are frequent despite chronic unemployment. The ILO Manpower Survey report recommended minimum wage legislation, housing and transportation subsidies and other measures to expedite the transfer of workers from areas of labor supply to areas of labor demand.

## VI. Wages

Wages are extremely low. Annual factory earnings in 1952 averaged about \$182 per worker. It is common for manual laborers to have a basic wage as low as 4 cents an hour, and skilled workers about 11 cents an hour. Actual earnings, however, are much higher because of the various supplements which are added to the basic wage. These include the cost of living ("dearness") allowance granted to permanent (clerical, supervisory, etc.) staff but not to workers on daily rates, and ranging from 25 percent to well over 100 percent of the basic wage; sometimes a housing allowance; and an annual "bonus" or share of profits normally of one or two months' basic salary, and frequently broken down into the regular bonus, an attendance bonus, and sometimes an efficiency bonus.

Payment by results is common, either as straight piece-work or in the form of an incentive bonus. There are wide variations in wage rates by area, industry, sex and occupation (skilled workers sometimes earn six or seven times as much as manual laborers).

There is no minimum wage law at present. The only wage regulation is under the Payment of Wages Act which provides for prompt payment of wages and prohibits unfair deductions for workers earning less than 200 rupees in factories covered by the act. It appears that this legislation is not effectively enforced.

## VII. Working Conditions

The Industrial Employment (Standing Orders) Act of 1946 requires employers of more than one hundred workers (50 or more in Punjab, and all factories in NWFP), as well as railroad and construction employers, to define explicitly their rules for working hours, shift work, attendance, holidays, termination, and notice of employment, suspension and dismissal. The Act is not well enforced; there is wide-spread ignorance of the law, and inspection staffs are completely inadequate.

The 8-hour day, 48-hour week appears to be fairly well established. Legislative control of hours is provided by the Factories Act which sets a limit of a 9-hour day and a 48-hour week (10-hour day, 50-hour week for seasonal factories), with double pay for overtime; the Mines Act which limits hours to 10 a day (9 for underground workers), 54 a week; the Transport Act, which allows up to 60 hours a week on railroads (84 hours for "intermittent" workers); and the Motor Vehicles Act which provides a 9-hour day, 54-hour week.

Paid vacations of 10 days for adults and 14 for children are provided under the Factories Act of 1934. The various provincial acts provide 14 days (15 for Sind). In East Bengal workers are allowed 10 days casual leave and 14 days sick leave. Many individual employers grant casual leave for any cause including sickness; this is in lieu of sickness insurance. In addition, workers are given leave for a large number of religious holidays and festivals; 13 in most of the provinces; 14 in Karachi and 18 in East Bengal.

Under the Factories Act and the Mines Act, women workers are prohibited from doing underground work in mines, night work in factories and certain dangerous occupations in factories. The Mines Maternity Benefits Act grants 12 weeks maternity leave for women workers in the mines. In addition the various Provincial Acts provide 8 weeks of maternity leave in Sind and 12 weeks in Punjab and East Bengal.

Employment of children under 12 is prohibited by the Factories Act; in addition, the Employment of Children Act of 1938 sets an age limit of 12 for workshops, and of 15 for transport work. The age limit under the Mines Act is 15, and under the Merchant Shipping Act of 1923 the limit is 14 years. Children are permitted to work only 5 hours a day under the Factories Act which covers factories employing at least 20 workers. Under the various provincial Acts covering shops and commercial establishments, children may work only 6 to 8 hours a day. Pledging of child labor by parents or guardians is prohibited.

The Workmen's Compensation Act of 1923 gives workers financial protection against occupational diseases and injuries lasting more than seven days, at the expense of the employer.

An official welfare fund for workers is maintained only in the coal industry. Most firms provide dispensaries free of charge, and some maintain complete hospitals. There is statutory legislation on latrines, ventilation, light, space, and drinking water; however, these requirements are not well enforced.

#### VIII. Trade Unions

The trade unions, which are still in a very early stage of development, are weak and ineffective. Unions are established primarily on the basis of the individual firm or shop, and include all workers of the firm with no distinction as to occupation, skill, sex, or creed. Thus, there is no clear organizational pattern, either craft or industrial. There is almost no organization among agricultural workers.

The over-all trade union organization is the All Pakistan Confederation of Labor, (APCOL) which is affiliated with the International Confederation of Free Trade Unions, (ICFTU). In 1954 its membership was estimated as 304,513. The two wings of this confederation are the East Pakistan Federation of Labor, (EPFL) located in Narayanganj and the West Pakistan Federation of Labor (WPFL) in Karachi. The APCOL has maintained its dominant position in the Pakistan labor movement partly as a result of the support

given it by the (former) <sup>4/</sup> Minister of Labor, Dr. A. M. Malik, who is a member of the APCOL Executive Board. For most of its existence the activities of the APCOL have been dominated by its president, M.A. Khatib, and its General Secretary, Faiz Ahmad, who are, respectively, General Secretaries of the WFFL and the EPFL.

Traditionally, the APCOL has been non-political and Pakistani labor leaders have generally avoided union involvement in political controversies. In 1951, however, the West Pakistan branch of the Muslim League--until recently the dominant and almost exclusive political party of Pakistan--reversed its position of non-interference with the trade movement and engaged in an active organizational drive. It sponsored formation of the Punjab Labor League which includes most of the non-communist unions in the Punjab. The eventual assimilation of the PLL, with considerable local autonomy, into the WFFL ended the threat of rival unionism in that area, and greatly strengthened the latter organization which had previously had only a weak foothold in the Punjab, the most important industrial sector of West Pakistan. Similarly in Karachi, the Central Labor Federation of Pakistan, sponsored by the Karachi Muslim League, was finally absorbed by the WFFL. These mergers established strong, though unofficial, trade union ties with the Muslim League.

In East Pakistan, the Pakistan Labor Federation, organized in 1951 by Nural Huda, a Dacca lawyer, and drawing its strength mainly from the East Pakistan Railway Employees League (40,000 members) of which Huda is president, for a long time remained outside the EPFL and in opposition to it; it has now been assimilated into EPFL. Although Huda had substantial backing from local Muslim League politicians, he apparently did not have the support of the East Pakistan Provincial Muslim League.

The communist trade union organization, the Pakistan Trade Union Federation (PTUF) located at Lahore and affiliated with WFTU, was quite strong until 1951. In that year, however, its top leaders were jailed following an attempted military plot, involving some pro-communists, for overthrow of the Government. This identified the organization as communist and discredited it with the public, and many of its affiliated unions swung over to APCOL. In recent years the PTUF has been weakened by the outlawing of the Communist Party and by internal dissensions. It is openly opposed by a rival organization using the same name. The estimated strength of the PTUF is about twenty thousand, only two-thirds of its 1950 membership.

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<sup>4/</sup> In July 1955, it was reported that Malik had been appointed Ambassador to Switzerland.

The major trade union leaders are as follows:

All Pakistan Confederation of Labor

President:	M. A. Khatib
Secretary General:	Faiz Ahmed
Vice-President:	Aftab Ali
Assistant Secretary General:	C. P. Dave

West Pakistan Federation of Labor

President:	Bashir Ahmed Khan Bakhtiar
Secretary General:	M. A. Khatib
Vice-Presidents:	Abdul Ghaffur Serhandi Umar Din Khan Amir Jan Khan Chaudhry Rahmatullah
Assistant Secretary and Treasurer:	C. P. Dave

East Pakistan Federation of Labor

President:	Aftab Ali
Secretary General:	Faiz Ahmed
Assistant Secretary General:	Mohammed Sulaiman
Vice-Presidents:	Aftab Ali Sarhendi M. Mazudar Abdul M. Choudhury G.B.P. Azundar

Pakistan Trade Union Federation

President:	Mirza Muhammed Ibrahim
Secretary General:	Muhammed Afzal
Vice-Presidents:	Abdul Salam M. H. Usmani Abdul Hameed Sufi Allah Dad Mohammed Tufail

Pakistan Trade Union Federation

President:	Murabal Sagher
Secretary General:	Fazal Illahi Qurban

The ILO Labour Survey Mission 5/ concluded that "the trade union movement is relatively immature and undeveloped, poorly organized, disrupted by internal dissensions and financially weak, and that, therefore, it has a very long way to go to match Pakistan's industrial ambitions."

Several factors appear to account for this weakness:

(a) The official membership of the 412 trade unions covers less than 2 percent of the labor force and only about 7 percent of the non-agricultural labor force. Moreover, the membership does not reach into the smaller shops where wages and working conditions are particularly bad.

(b) Since unions are organized largely on a local plant basis they lack the strength and bargaining power that follows from a wider craft or industrial type of organization.

(c) The labor movement is disunited and weakened by the great multiplicity of unions, and by the bitter and personal rivalry of union leaders competing for control over these many small unions.

(d) Not only are union fees relatively low, but, in addition, they are seldom fully or regularly paid. Hence the unions do not have the funds for carrying out prolonged strikes. A strike lasting fifteen days is considered a major dispute. Another consequence of inadequate union resources is the absence of welfare activities for workers, and of a labor press or public relations program.

(e) Trade union leadership is weak. The pre-Partition leaders were Hindus who migrated to India, and the unions have fallen into the hands of politicians. Present leaders are almost exclusively professional people with political interests; a large number of them are lawyers interested in building up their following for publicity purposes. This development has been made possible by a provision of the Trade Union Act which permits up to one-half of the officials of unions to be outsiders; thus, officials can and do hold positions in several unions at the same time. Another charge leveled against union leaders is that of irresponsible accounting.

(f) Union bargaining power is frequently negated by failure of the employers to recognize the union, thus rendering negotiation impossible; also, workers are frequently discriminated against either directly or indirectly for participating in trade union activities. In addition there is a widespread feeling that governmental support to unionism does not go much beyond lip service.

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5/ Report of the ILO Labour Survey Mission on Labour Problems in Pakistan (August 1952--February 1953).

## IX. Industrial Disputes

Very few industrial disputes result in strikes and those that do occur are of short duration. For example, in 1953 only 2.6 working days were lost per worker, as compared to about 12 days in the United States. This reflects the weakness of the unions and their low financial reserves. It is also a consequence of the reluctance on the part of both workers and employers to have disputes referred to the industrial tribunals, as they tend to be in the face of serious strike threats, because of the interminable delays before awards are finally granted.

Sudden 1-day or 1-hour strikes are frequent, however, as a way of underlining union demands or exerting political pressure. Union activity usually reaches its peak during the first quarter of the year, since this is the period during which labor contracts are negotiated. Much of this activity takes the form of press releases intended to publicize union demands with respect to the year-end distribution of profits in the form of wage bonuses. Usually about two-fifths of the strikes are concerned with wages and working conditions; about one-fourth have to do with personnel problems, particularly cases of "victimization."

The Industrial Disputes Act of 1947 governs the investigation, settlement and adjudication of industrial disputes. The government may refer any dispute to a Court of Inquiry for report, or to a tripartite Board of Conciliation, or to an Industrial Tribunal composed of an independent person or persons for adjudication. Reference to these bodies is at the discretion of the government, but when both the parties apply for a reference, it is obligatory for the Government to refer the dispute to a Board, Court, or Tribunal. The award of the Tribunal is binding for a period not exceeding one year. If the government is party to the dispute but finds it inexpedient on public grounds to enforce the award, it submits the award to the legislature for consideration; the verdict of the legislature on the award is final. Conciliation is compulsory in the case of other industrial establishments. Strikes in public utility services without 14 days notice are prohibited, and provision also exists for the prohibition of strikes during conciliation and adjudication proceedings.

The Act also provides for Works Committees consisting of representatives of employers and workers in firms employing 100 or more for the purpose of removing causes of friction between employers and workers, and promoting good relations. At present there are no actively functioning Works Committees.

Four out of every 5 disputes between April 1, 1953 and March 31, 1954 were settled by conciliation. Only 33 disputes were referred to industrial tribunals from 1947 to the middle of 1955. This reflects the general dissatisfaction with the present system of ad hoc tribunals, stemming primarily from the long procedural delays involved.

The ILO Survey Mission recommended that a permanent industrial court should be established, independently of the public authorities and integrated with the national judicial system, with jurisdiction on questions of union recognition, jurisdictional disputes between unions, industrial disputes, minimum wage rates and integration and enforcement of labor statutes, awards and collective agreements.

#### X. Living Standards

Incomes are extremely low in Pakistan. The per capita national income for 1952-53 was estimated at Rs. 233 (\$49). The most important determinant of income is not wages, but farm income. This, in turn, depends largely on prices of a few major export crops--cotton, jute, tea, hides and skins. Because these prices are subject to the wide fluctuations of world commodity markets, a large element of uncertainty is introduced into the Pakistan income structure. Also farm incomes are low because of the low productivity in agriculture as a result of subdivision of holdings (a consequence of the inheritance system), antiquated farming methods and inadequate equipment.

Real income declined slightly in 1952-53 because of a slump in farm output due to drought, declining prices of agricultural exports, and rising cost of living. Production has since recovered, and prices are stabilized. Nevertheless, consumption is still limited by the stringent import controls which were necessitated by the economic development program; the government has deliberately restricted consumption in order to channel imports into industrial and agricultural expansion and military equipment.

In general, consumption standards are on a subsistence level. India is the only country which has a lower level of calorie consumption. Moreover, the Pakistan diet is not well balanced; there is a disproportionate consumption of cereals--rice in East Pakistan and wheat in West Pakistan--but practically no meat or eggs and very little fats and sugar are consumed. Clothing is at a premium because of import restrictions and high prices of homespun cloth. Housing in rural areas is mostly of mud and thatch, with no sanitary facilities; frequently men and animals are housed under the same roof. In the cities the rapid growth of population caused by industrialization and the influx of refugees has given rise to an acute housing problem and has created enormous slum areas. Relatively few firms provide housing for workers. Schools and hospitals are woefully inadequate.

#### XI. Labor Administration

Pakistan's labor laws are mainly inherited from the pre-Partition period; the Central Government and the Provinces have been slow to initiate new legis-

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lation. The Central and Provincial Governments are jointly responsible for the enactment and enforcement of labor legislation and both may currently legislate on matters dealing with factories, labor welfare, and trade unions under the Government of India Act of 1935. In practice a definite division of labor has been worked out; for example, the provincial governments administer the Factories Act, the Industrial Employment Act, the Payment of Wages Act, the Shops and Establishments Acts, etc., and the Central government administers the Mines Act, the Industrial Disputes Act, legislation with respect to railroads, shipping, the merchant marine, etc. In some cases both the Central and Provincial Governments have discretionary powers to extend labor legislation originated by the other.

Pakistan has maintained close relations with the International Labor Organization. Out of the 103 ILO Conventions adopted by 1953, twenty-two are at least nominally in force in Pakistan. In the last few years the ILO has conducted surveys of labor conditions, social security and cooperatives; offered advice on employment, unemployment and labor force statistics; assisted in organization of the Employment and Manpower Division; integrated technical training programs; established a training course for Labor Department officials; organized training-within-industry courses for supervisors; and advised on development of handicraft and cottage industries.

Pakistani workers are currently engaged in a propaganda drive for better enforcement of labor laws and ILO Conventions, and revamping and extension of existing labor legislation.