



28 April 2023

EFP Circular #10

Objection on Recommendation regarding Fixation of Minimum Wage for Unskilled Workers in Punjab, wide Notification dated 28th March 2023

This refers to your Notification dated 28th March 2023, containing a draft recommendation regarding the fixation of minimum rates of wages of unskilled workers in the Province of Punjab and asking for objection within the period of 30 days. Accordingly, the Employers' Federation of Pakistan (EFP) takes this opportunity to file its objection to the notification for consideration by the Board.

Our objections are as under:

- 1.** The minimum wage of unskilled workers last increased from Rs 20,000 to Rs 25,000, with effect from 1st July 2022, which was a 25% increase in the minimum wage. Earlier, the minimum wage was increased from Rs 17,500 to Rs 20,000, with effect from 1st July 2021. Thus, the minimum wage has increased by 43% in the last three years.
- 2.** You will appreciate it was very difficult for employers, particularly the SMEs, to absorb such a heavy increase in the wage bill but the same was accepted in the wake of high inflation and hardships being faced by workers in the cost of living.
- 3.** You will also appreciate that before and during the period of last increases in the minimum wage of unskilled workers, the cost of doing business has inflated to a very high level and an increase in the wage bill is one of its most important components. Simultaneously, however, labour productivity has not increased in industrial enterprises and a load of increase in the minimum wage has been completely borne by the employers.
- 4.** We understand that there is a need to review the existing minimum wage for unskilled workers but the same should also take into consideration the ability of the employers to pay. The increase, therefore, should not be unproportionate and should be within the means of employers otherwise the same will result in massive loss of employment, adding to industrial unrest in the province.
- 5.** It is also pointed out that the representatives of employers on the Punjab Minimum Wage Board are handpicked by the Government, have not been nominated by any employer's organization, and therefore, the representative voice of the employers is not accessible to the Board.

In the above circumstances, we have strong objections to the recommendation for an increase in the minimum wage from Rs. 25,000 to Rs. 32,000, which will be a 28% increase.

If the above increase is agreed, it will amount to a 60% increase within a period of less than 2 years which is untenable by employers and will add to the misery of the employers beyond all proportions.

It is, therefore, recommended that the maximum increase in the minimum wage should be around 15%, in which case the minimum wage for unskilled workers in the province of Punjab may be fixed at Rs 28, 000 per month.



EMPLOYERS' FEDERATION OF PAKISTAN

A Company Setup Under Section 42 of The Companies Act 2017
The Apex Body of Employers of Pakistan

We request that, if necessary, EFP may be given an opportunity to appear before the Minimum Wage Board to present its objections. It may be reiterated that EFP as a member of the International Organisation of Employers is the most representative body, representing employers as a tri-partite constituent in the ILO's governing body and we assure you of our fullest cooperation in arriving at a balanced understanding when it comes to protecting the interest of both the workers and employers.

With warm Regards;

Syed Nazar Ali
Secretary-General