[**Share in profit**](https://www.dawn.com/news/1690095/share-in-profit)

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THE element of welfare has always been present in the labour legislation promulgated in the subcontinent since the beginning. The Workmen’s Compensation Act, 1923, was followed by the Factories Act, 1934, which contained provisions for the safety, hygiene, and health of workers. The Payment of Wages Act, 1936, guaranteed the timely payment of wages and prohibited unlawful deductions from them. Similarly, most of the labour laws enforced in Pakistan also have clauses for workers’ welfare.

The following are the three key labour welfare laws at present: (1) Provincial Employees Social Security Ordinance, 1965 (2) Companies Profits (Workers’ Participation) Act, 1968, and (3) Employees’ Old-Age Benefits Act, 1976. But all of them have lost their utility due to the 18th Amendment. The reasons for this may be better understood by analysing issues in the implementation of the 1968 act.

The Companies Profits (Workers’ Participation) Act, 1968, was promulgated to provide for the participation of workers in the profits of companies. A worker having at least six months of employment during the year for which the profit is distributed, is eligible to receive a share. The scheme applies to all companies engaged in industrial undertakings, which satisfy anyone of the following conditions: (i) the number of workers employed is 50 or more (ii) the paid-up capital of the company is Rs5 million or more, and (iii) the value of fixed assets of the company is Rs20m or more.

All companies to which the scheme applies, have to pay every year, five per cent of their profits to a Workers’ Profits Participation Fund (WPPF) established by them. The fund is managed by a board of trustees comprising two persons nominated by the company management and two elected from amongst themselves.

Provinces need to update workers’ welfare laws.

There are three categories of workers based on the monthly wages drawn by them, and those in the last category get the highest amount of share in profits. Before April 2010, these categories and the shares in profits disbursed, would be revised upward from time to time. However, since the 18th Amendment the respective amounts of the categories have been frozen in provinces other than Sindh.

The three categories for allocation of share in the companies’ profits were last revised in July 2007 through the Finance Act, whereby the upper wage limits of workers were increased from (i) Rs5,000 to Rs7,500, (ii) Rs7,500 to Rs15,000, and (iii) Rs10,000, to over Rs15,000. Previously, no worker was entitled to receive a maximum allocation exceeding the amount of three times the minimum wage for unskilled workers. This allocation was increased to four times the amount of minimum wage of Rs4,600 per month in 2007, ie Rs18,400 per annum.

Through the amendment, the workers’ wage ceiling for entitlement was increased from Rs5,000 with no upper wage limit.

However, by virtue of a landmark judgement of the Sindh High Court delivered on Feb 26, 2011, amendments carried out by the government in five of the labour statutes through the Finance Act 2007 were declared invalid. According to the judgement, those amendments should have been passed by both houses of parliament because they had little to do with money matters.

As the 18th Amendment was already in force, the federal government was left with no power to make the required amendment through the legislature. Neither did any of the provinces promulgate their own acts related to workers’ share in companies’ profits, which could have rectified the anomaly. Later, Sindh was the only province to enact the Sindh Comp­a­nies Profits (Wor­k­ers’ Participation) Act, 2015.

The Sindh act restored the workers’ benefits withdrawn by employers based on the court judgement. Unfortunately, wor­kers in the other three provinces continue to suffer. While there is no upper wage limit under the Sindh act for eligibility of workers to receive the WPPF, the wage ceiling in the other provinces is back to Rs5,000. As the existing minimum wage is Rs20,000, none of the workers are eligible to receive a share in their companies’ profits.

The Sindh act has also revised the three categories of wage limits for entitlement, as follows: (i) workers drawing average minimum monthly wages as fixed by the government from time to time; (ii) workers drawing average monthly wages exceeding the minimum wages but not exceeding Rs20,000; (iii) workers drawing average monthly wages exceeding Rs20,000.

Due to the 18th Amendment, the federal government cannot amend the 1968 act, hence the respective governments in Punjab, Balochistan and KP should immediately promulgate their own profits participation acts to alleviate the misery of their industrial workers.

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