

Social Safety Nets for Labor Welfare and their Extent of Coverage in Khyber Pakhtunkhwa, Pakistan

Amir Alam ^a Sajjad Hussain ^b Sana Ullah ^c Gohar Masood Qureshi ^d

Abstract: This study has been carried out with the purpose to introduce the readers with the services and facilities being provided by the government of Khyber Pakhtunkhwa to workers who are working in different small and medium industries in District Peshawar. Labor force is regarded to be the backbone of any industrial society. In Pakistan, laborers are facing multitude of problems, however, the state is committed to provide the industrial workers with different services and facilities. In order to cope with risks and unseen contingencies each province in Pakistan has established social safety nets for their industrial workers. These includes the employees' social security institution, employees' old age benefits institution, and workers' welfare board. These social safety nets provides laborers with different services and facilities i.e. educational stipend to children of the workers, disability allowance, sickness benefits, health services, survivors' pension, jahaiz fund, care for workers' dependents, and death grants etc. This study has evaluated the nature and extent of the social safety nets in Khyber Pakhtunkhwa. The study suggests that all the industrial workers should be provided with all social security services.

Keywords: Social Safety Nets, Employees' Social Security Institutions, Employees' Old Age Benefits Institutions, Worker Welfare Board, Industrial Workers

Introduction

By social safety net we mean a system of provision of services, facilities, and programs that are designed to protect the workers and employees from further vulnerabilities in their lives (Khan & Asia, 2011; Ghayur, 1996). Besley et al. (2003) have explained the term social safety net as: it is the services, facilities, and opportunities that are provided by the state and society to individuals in order to mitigate the risk from the unforeseen contingencies The basic purpose of the provision of social safety nets is to protect and secure the citizens, workers, or employees during hard time and to ensure their higher level in life (Jutting, 2002).

Sayeed (2004) suggests that social safety nets is a support system with the aim to have alternative during unemployment of the head of the household, unexpected death of the workers, financial crunch, disease and sickness, disability, and old age dependency. In nutshell, social safety net is a potential source for risk reduction (Iqbal et al., 2013; ILO, 2001).

Social security is an important measure not only for the workers' families rather it is regarded to be a potential source of wellbeing for the community as a whole. International Labor Organization (2001) reported that if social security program is managed properly then it has the potential to enhance productivity and can even better support the economic development of a particular society.

Social safety nets is of two types i.e. formal and informal. Informal social safety nets is when people of different households provides foods, labor, housing etc. to people during hard time. Normally people in tribes and villages do such practices (Browne & Hood, 2012). On the other hand, the formal social safety

^a Lecturer, Department of Social Work, Shaheed Benazir Bhutto University, Sheringal, Upper Dir, Khyber Pakhtunkhwa, Pakistan. Email: amirsw@sbbu.edu.pk

^b Lecturer, Department of Social Work, University of Malakand, Lower Dir, Khyber Pakhtunkhwa, Pakistan.

^c Lecturer, Department of Social Work, Shaheed Benazir Bhutto University, Sheringal, Upper Dir, Khyber Pakhtunkhwa, Pakistan.

^d Lecturer, Department of Law, University of Sialkot, Sialkot, Punjab, Pakistan.

net is basically the programs of government, non-governmental organizations, semi-governmental organizations, or other donor agencies which provides the beneficiaries with health services, subsidies, public works program, maternity services, educational scholarships, and in-kind transfer programs etc. The formal social safety nets programs are very popular and common in industrial or developed societies across the globe (Khan et al., [2009](#)).

Our focus here in this study is on the social safety nets which provide benefits/services to the laborers or workers of the formal or organized sector workers.

Statement of the problem

In any industrial society the workers particularly the industrial workers are regarded to be the potential source or backbone of the economy (Irfan, [2003](#)). In Pakistan, though not purely an industrial society, workers are facing severe problems due to inflation and other unforeseen contingencies. In response to these problems, abnormalities, and contingencies, the government of Pakistan and provincial governments have initiated different social safety nets program through different legislation. These programs includes the employees' social security institution (ESSI), the employees' old age benefits institution (EOBI), and the workers' welfare board (WWB). Previous studies have focused one particular social safety net program while ignoring the other twos. This study is unique in the sense that the researchers have described all the services and facilities in detail manner being offered by the three social safety nets. This study, therefore, is an attempt to introduce the readers with these social safety nets and the services and opportunities they offer.

Research Objective

The objective of this study was:

1. To explore the social safety nets for labor welfare and their extent of coverage in Khyber Pakhtunkhwa, Pakistan.

Research Objective

1. What are the different social safety nets for labor welfare and their extent of coverage in the province of Khyber Pakhtunkhwa, Pakistan?

Methodology

The qualitative research method has been used for this study. Different internet sources have been consulted to gain relevant data on the topic. For this purpose the websites of ESSI, OBI, and Workers' Welfare Board were visited in order to have a clear understanding about the available services being offered to the industrial workers. Some potential research papers in the field of labor welfare were consulted to support the data.

Employees' Social Security Institution (ESSI)

The employees' social security ordinance was promulgated in 1961 (ESSO) with the purpose to provide the secured workers and their dependents with different social security services. These services are provided during sickness, injuries, maternity, death of the workers, maternity etc. The scheme was then reorganized on provincial basis in all the four provinces of Pakistan in 1970. The ESSI, in initial stage, was applied to industrial and commercial establishment employing 10 or more employees (Mahmood & Nasir, [2008](#)). In the beginning, the program was financed through monthly contribution of employers and employees. Two percent was paid by the employees from his/her wages while 4 percent was contributed by the employers (Ghayur, [1996](#)).

Structure of the Institution

The chief executive of the institution is the secretary of KP, industries, mineral development, labor and technical education department. He is the commissioner of the institution and is also working as the secretary of the governing body of the institution. During the absence of the commissioner of the institution the vice commissioner play his role as the commissioner of the institution. The commissioner can also delegate the responsibility to the vice commissioner.

The KP Director General of health department is working as the medical advisor while the secretary finance department KP is working as the financial Advisor of the institution. The ESSI focusses mainly two types of services and benefits for workers i.e. the medical care and the cash benefits for the secured employees.

Medical Care

Director General of ESSI is the head of the Medical Care Branch. The secured workers and their dependents are eligible for General practitioner care, specialist care for indoor and out-door patients, essential pharmaceuticals supplies as prescribed by medical specialist, Prenatal and post-natal care, hospitalization if necessary, cases of pregnancy, dental care during employment injuries, surgery of heart patient. Similarly, tuberculosis patients are entitled for special medical treatment. The secured workers and their dependents, including aged parents, can receive full outdoor treatment from the ESSI's Medical outlets, government hospitals and on the advice of specialists; the institution can provide medical treatment to the patient outside the province i.e. Panjab and Sindh (EOBI, [2012](#)).

The institute has established medical/ health care units in the various districts of the province including hospitals, poly clinic, Medicare centers, Dispensaries, Medical posts and Social security Hospitals. The basic purpose of all these services is to provide the workers and their dependents with free of cost and effective services on their door step. In order to facilitate the workers and to cope with their medical issues, the polyclinic have been provided with medical specialist, chest specialist, gynecologist, woman medical officers, and para medical staff. Medical facilities including, Operation Theater, labour room, X- Ray. ECG. Ultrasound, Clinical Laboratory, Medicine store and Ambulance services are available both for male and female in these hospitals. Social security Medicare centers, Dispensaries and Medical Posts have been established in District Peshawar, Charsada, Kohat, Mardan, DeraIsmaeel Khan, Swat, Haripur, and Nowshera.

Cash Benefits

As per the provincial social security ordinance 1965, all the secured workers and their dependents are entitled to cash benefits. Besides, they will also receive medical care for their dependents, maternity benefits, death grants, injury benefits, survivor's pension and disablement pension.

Sickness Benefits

Under section 35(1) of the aforementioned ordinance, a secured worker, who is certified by a medical practitioner being authorized by an institution, if incapable of performing his/her work or duty due to sickness will be entitled to receive sickness benefits up to 75% of the total wages.

Maternity benefits

The said ordinance further describes under section 36 that a secured women will be entitled for maternity services and benefits up to 100% of her wages. A medical practitioner being authorized by the institution under the regulation will decide such benefits and services. Here it may be noted that such benefits will be provided for all days on which she is not capable for work.

Death Grants

The ordinance further elaborate under section 37(1) that a secured worker who is eligible to receive medical treatment, sickness benefits, and injury benefits at the time of death, the survivor widow or needy widows, however, if he/she lack such relative then the person who is provided with funeral, subject to regulation, is entitled for a death grant. The death grant will be equal to the daily rate of sickness benefits multiplied by thirty. However, this grant must not be less than Rs: 1500/-. In case of death of a married woman, the husband of the deceased wife is entitled to receive *iddat* (130) benefits. The *iddat* benefits will be equal to the daily rate of her wages during the period of her *iddat*. Besides, it is also mentioned in the said ordinance that no employer is authorized to refuse leave during *iddat* period.

Medical care for Dependents of the Worker

In case of the death of a secured worker, subject to the regulation, all the dependents shall receive medical care for a period of one year. The tenure will be counted from the date of the death of the secured worker.

However, if the deceased worker was a seasonal employee then his/her dependents shall be entitled for medical care for a period of six months.

Medical Care and Maternity Benefits

As per section 36 of the said ordinance, all the secured workers and their all their dependents shall be entitled to free medical care and other benefits that have been provided in the regulations. Likewise, a secured women shall also receive pre-natal confinement and post-natal medical care.

Injury Benefits

A secured worker, under section 39, shall be entitled to injury benefits at the rate which is fixed by the government by a notification. In case of a claim, the medical practitioner can provide such certificate that the worker is not capable of work. Here it is to be noted that the period shall not exceed on hundred and eighty days.

Disablement Pension

A secured worker either totally or partially disabled during employment shall be entitled to receive disablement on the expiration of his/her entitlement to injury benefits. However, on the death of the disabled worker or when his/her disability is ceased then the disablement pension shall be terminated. Similarly, on receiving the same pension consecutively for five years then the worker shall be provided with the same pension for life time.

Survivor's Pension

Section 42(1) of the ordinance states that in case of death due to employment injury the widows/widows or the needy widower shall be provided with survivor's pension during life. The survivor's pension shall be equal to the three-fifth of the rate of the total disablement pension. However, pension shall be equally divided between the widows if the deceased worker had more than one wife.

Employees Old Age Benefits Institution (EOBI)

The employees' old age benefits ordinance was enacted by the government of Pakistan in 1971, however, this act was never implemented. Subsequently, this act was substituted with an act called employees old age benefits act 1976. The employees' old age benefits institution is a semi-autonomous body working under the supervision and support of the federal ministry of labor and manpower (Pasha et al., [2000](#)).

This act will facilitate only the employees who are working in private sector i.e. the establishments both industrial and commercial where five or more than five workers are working. In case the number of employees is reduced to less than five workers there will be no effects on the application on this act.

Structure of the Institute

The EOBI is manages by a tripartite corporate board of trustees where government officials, labor and employer representatives has given representation. According to the EOBI Act 1976, the chairman of the institution is the secretary or the additional secretary of the local body division. The ministry of finance, industries, labor, and commerce represent the federal government. Fur persons represents the provincial government. Similarly, four persons represent the employer and four persons representing the insured workers.

Benefits

The institution is responsible for the provision of four types of benefits to the insured workers and their survivors or dependent family members.

Old Age Pension

As per the act, an insured worker will receive the pension at the age of 60 years while for a female it is 55 years. However, for a male miner engaged in mining the age limit is 55 years. In case where a secured worker got retirement five years before reaching the retirement age in such case the worker will be entitled

for early reduced old age pension. In such case the worker will either be provided with half a percent on monthly basis or he/she will be given 6 % yearly (EOBI, [2012](#)).

Survivors' Pension

After the death of an insured worker, the survivors shall be entitled for survivors' pension for a period of at least 3 years (Hussain, [2000](#)). Suppose if a deceased worker was entitled for old age invalidity pension in such case his wife will be entitled for getting that pension for life time. In a situation where the spouse, who was getting the secured person's pension, has deceased in such circumstances the amount of the total pension shall be equally divided among all the children. Nevertheless, if the worker had left daughters, then they will be entitled for the same pension till their marriage. Suppose a secured has no spouse or he/she has no children or he was unmarried in such a situation his/her parents would receive the survivor's pension. Here it may be noted that the parents would receive this pension for five (05) years only.

Invalidity Pension

The act also provide an insured persons with invalidity or disability pension. In case if a worker sustain an employment injury or suffers an earning capacity loss of at least 67% then he/she will be entitled for invalidity pension.

Old-Age Grant

If a worker is not entitled for old-age pension then he/she is provided with old-age grant. Old-age pension is granted to those workers who have contributed for 15 years. Nevertheless, If an employee has completed 2 years, at least, of insurable employment then he/she will be eligible for a lump sum payment of one month of earning for each year of insured employment.

It has been observed by the researchers that both EOBI and the ESSi are providing almost the same services. For instance survivors' pension to the deceased employees' family, monthly contribution on the part of the workers, educational scholarships for workers' children, and pension and grants to the insured disabled workers are the services and benefits that are provided to the workers by both EOBI and the ESSi.

Workers' Welfare Board (WWB) Khyber Pakhtunkhwa

The Workers' Welfare Board is a government body in Khyber Pakhtunkhwa which aims at improving the living standards of workers and their families by ensuring access to basic amenities and addressing their needs through various welfare schemes and programs. This ordinance focusses on the improvement of the living standards of the industrial workers and their families. The WWB basic aim is to address the basic needs of the workers through different programs and welfare schemes.

The WWB offers free medical services, free education for workers' children, financial freedom and assistance, funeral expenses, and training in vocational skills. The mine workers have also been provided with clear drinking water at Abbottabad, Buner, and Haripur in the province of KP. The WWB is committed and strives to ensure that all the workers are protected and that each worker is receiving fair, just wages and working conditions. Besides, the board, in collaboration with the employers, is working to address workers issues, resolve the disputes between workers and the employers, listen their complaints, and to solve their grievances.

The board plays a pivotal role in protecting the basic and legal rights of the workers. The board is committed to provide the workers with social security schemes which ultimately leads to the overall social and economic wellbeing of the workers across the province of KP.

Functions of Welfare Board

The WWB provides social security benefits to workers, including medical coverage, disability benefits, and old age pensions. The board aims to facilitate affordable housing for workers by implementing housing schemes and providing financial assistance for construction, renovation, and repair of housing units. The WWB supports vocational training programs and provides scholarships for workers' children to enhance their educational opportunities. The board manages a fund that is financed through contributions from

employers. This fund is utilized to provide financial assistance for workers' welfare initiatives such as healthcare, social security, housing, and education. The WWB works to ensure safe and healthy working environments for workers through the implementation of occupational health and safety standards and regulations. The board serves as a platform for workers to submit their grievances related to employment, wages, working conditions, or any other issues they may face in the workplace.

In March 2000, the Directorate of Education has also been established by the Khyber Pakhtunkhwa (the then NWFP) Workers Welfare Board. The Workers Children Education Board also providing scholarship and free educational facilities to the children of the secured industrial workers. The Workers Welfare Board has established technical institutes in various districts of the province which include polytechnic institute of Amangarh (Noshehra), Charsadda, Mardan, Swat, Banno, Gadoon, AkoraKhattak, and Hattar (harripur). The institutions are offering three years of diploma in Associate Engineer in Electrical, Civil, and Mechanical Engineering. Overall, the Workers' Welfare Board in Khyber Pakhtunkhwa plays a crucial role in protecting the rights and promoting the welfare of workers in the province.

Conclusion

In any human society, industrial workers play a significant role in the socio-economic development of that particular society. However, the industrial workers are susceptible to numerous risk including industrial accidents, disability, unemployment, educational problems of their children, lack of social security benefits etc. In order to protect the basic rights of the industrial workers, three social security institutions have been established in Khyber Pakhtunkhwa. The employees' social security institution is responsible for the provision of medical care, sickness benefits, death grants, injury benefits etc. The second institution is the employees' old age benefit institution which was established in 1971 and is a semi-autonomous body. The EOBI is responsible for old age pension, survivors' pension, old-age grant and invalidity pension. The third institution for the industrial workers is workers' welfare board. This board was created in 1971 under section 11 (A) of the Workers Welfare Funds Ordinance 1971. Besides the provision of medical and disability benefits to workers, workers' welfare board provides industrial workers with affordable housing schemes and financial assistance for construction, repair, and renovation of houses. However, these institutions are not meant for the insecure workers or those who are working on contract basis or those who are seasonal workers.

Recommendation

This study suggests that like all the secured industrial workers, all the workers whether they are working on regular basis or on contract basis should be provided with all the social security benefits so that they all could work wholeheartedly. Similarly, all the benefit should be available to all the workers without any delay or complications.

References

- Besley, T., Burgess, R, Rasul, I. (2003) *Benchmarking Government Provision of Social Safety Nets*. Washington D.C: Social Protection Unit Human Development Network. The World Bank.
- Browne, J. Hood, A. (2012). *A Survey of the UK Benefit System*. UK. Economic and Social Research Council (E.S.R.C).
- Employers' Old Age Benefits Institution (2012). Retrieved on October 21, 2012, from Ministry of Labor and Manpower, Government of Pakistan.
- Ghayur, S. (1996). Labour Market Issues in Pakistan: Unemployment, Working Conditions, and Child Labour. *The Pakistan Development Review*, 35(4), 789–803. <http://www.jstor.org/stable/41259999>
- Ghayur, S. (1996). *Labor Market issues in Pakistan: Unemployment, Working Conditions and Child Labour*. Islamabad: Pakistan Institute of Legislative Development and Transparency.
- Hussain, I. (2000). *Problems of working women in Karachi, Pakistan*. Newcastle upon Tyne. Cambridge Scholars Publishing.
- Irfan, M. (2003). *Poverty and Social Safety Nets: A case study of Pakistan*. Islamabad. Pakistan Institute of Development Economics (PIDE).
- Iqbal, S. J. Shariqa and Asad, R. (2013). *Effects of industrial Environment on Health Status of Workers. A case of noon sugar mill bhalwal*. Sargodha: SAVAP International.
- International Labor Office (2001). *Guidelines on occupational safety and health management systems*. Geneva: p.7
- Jutting, J. (2002). *Social security systems in low income countries: Concepts, constraints and the need for cooperation*.
- Azam, M., Shah, I., & Khan, A. (2009). The Study of Industrial Development: A Case Study of North West Frontier Province–Pakistan. *Abasyn University Journal of Social Sciences*, 3(2), 44–55.
- Khan U. Asia (2011). *Causes of Sick Industrial Units and their Remedial Measures: A Case Study of Hayatabad Industrial Estate, Peshawar, Khyber Pakhtunkhwa*. Peshawar: Abasyn Journal of Social Sciences Vol. 5 No. 1. P.66–87.
- Mahmood, N. & Nasir. M. Z (2008). *Pension and Social Security Schemes in Pakistan: Some Policy Options*. Retrieved on, June 28, 2012, from www.pide.org.pk/pdf/workingpaper-42.pdf.
- Moser, P. BCésar, C P Juan, V Marijn and B John (2001). *Social Safety Nets in Response to Crisis: Lessons and Guidelines from Asia and Latin America*. P.3.
- Pasha, H. A., Jafrey, S., Lohano, H.R. (2000). *Evaluation of Social Safety Nets in Pakistan*. R <http://www.spdcpak.com/publications/Research%20Reports/rr32.pdf>
- Sayeed, A. (2004). *Social Protection in Pakistan: Concept, Situation Analysis and the Way Forward*. Working Paper, Centre for Research on Poverty Reduction and Income Distribution (CRPRID), Planning Commission, Government of Pakistan, International Labour Organization (ILO) and United Nations Development Programme (UNDP). Karachi: P.5.