

Living Wage for a Sustainable Pakistan: Bridging Gaps, Building Equity

Roundtable

A living wage ensures that employees can maintain a basic but decent standard of living. It covers essential needs like food, clothing, and shelter, while also providing access to education, healthcare, and participation in social and cultural activities. Surpassing the constraints of legally mandated minimum salaries, which normally fail to cover the actual cost of living, the 'living wage' is recognised as a necessary component for maintaining economic equity and social justice across the globe.

In recent years, the concept of a living wage has gained significant attention in Pakistan amid rising inflation, income inequality, and persistent poverty. Historically, Pakistan's wage-setting mechanisms prioritise economic growth and attracting foreign investment over workforce welfare. As a result, the minimum wage has failed to provide an adequate quality of life or sufficient financial support for workers.

Following the period of contraction and now with a growth rate of [2.38%](#), Pakistan's economy has been experiencing moderate recovery. However, the impact of this growth rate has not been observed by all sectors due to high inflation recorded at [28.35% in January 2024](#) especially affecting the cost of food commodities that deteriorates purchasing power of low-income households.

According to the [Economic Survey of Pakistan 2023-24](#), despite declining inflation, salaried workers continue to face significant challenges in maintaining adequate earnings. Research by various labour organisations and think tanks estimates that a suitable living wage in Pakistan should be around [PKR 51,076 per month](#), accounting for regional differences and family size.

The cost of living varies across regions, as highlighted by the Global Living Wage Coalition's benchmarking. For example, the estimated cost of living in urban Sialkot is PKR 43,709, while in rural Sialkot, it drops to [PKR 39,938](#). In contrast, the cost of living is much higher in rural Khyber Pakhtunkhwa, estimated at [PKR 58,600](#).

In 2024, the official minimum wage in Pakistan varies across provinces, ranging from [PKR 32,000 to PKR 35,000 per month](#). Despite a substantial increase from previous years, the minimum wage still falls short of meeting basic living standards. The gap between minimum wage and a living wage underscores the challenges faced by the labour force, particularly those in the informal sector.

This disparity has been further exacerbated by the rising cost of living, driven by inflation in food, housing, and utility prices. The COVID-19 Pandemic also deepened economic vulnerabilities, pushing a larger portion of the population into poverty and placing even greater pressure on the working class. Despite these challenges, the government has been reluctant to implement policies that guarantee a living wage for all workers or adjust minimum wage levels to keep pace with inflation.

Achieving an equitable and sufficient salary in Pakistan faces numerous challenges. Rapid inflation, particularly in the food and energy sectors, has eroded the purchasing power of the salaried class. Unbalanced economic growth and the dominance of the informal sector, where labour regulations are often disregarded, have further widened the gap between rich and poor. Many workers in the informal sector receive wages below the legally mandated minimum and lack access to social security benefits.

Limited coverage under the social security system leaves a large portion of the workforce vulnerable to economic shocks. The fragmented nature of the labour rights movement, influenced

by business interests and political factors, has also hindered adoption of effective reforms to address these issues. Regional disparities in income levels and living costs further complicate the establishment of a uniform living wage across the country.

Despite these challenges, there is potential to promote the concept of a living wage in Pakistan. Offering tax incentives or financial support to small and medium-sized businesses, along with gradual increases in the minimum wage, can help offset the impact of higher wages on production costs. Key steps include prioritising high-wage capacity sectors in economic diversification efforts, formalising the informal sector, and implementing comprehensive social protection systems. Encouraging collaboration among stakeholders will also be essential for achieving a sustainable living wage framework. Notably, some multinational companies and export-oriented industries have voluntarily adopted living wage practices, aligning with international agreements and trade frameworks that recognise a living wage as a human right. Public awareness and advocacy, combined with international assistance and adoption of best practices, can further accelerate wage reforms in Pakistan.

A comprehensive strategy is essential to tackle inadequate wages in Pakistan, focusing on policy reform, economic diversification, and enhanced social protection. In the current economic climate, adopting a living wage is not just about fairness - it is crucial for long-term growth. Prioritising a work environment where employees earn enough to maintain a decent standard of living will promote economic stability and drive sustainable development.

In the background of abovementioned details, this *Roundtable* will:

- Evaluate the economic implications of implementing a living wage in Pakistan, focusing on inflation, productivity, and employment.
- Discuss potential policy reforms needed to align minimum wage with living wage standards, including phased increases and inflation adjustments.
- Identify the challenges in the informal sector related to wage regulation and explore strategies for formalisation and enforcement.
- Analyse regional variations in wages and living costs and discuss approaches for establishing a more uniform living wage across provinces.
- Discuss ways to enhance collaboration among government, employers, labour unions, and civil society in promoting and implementing living wage policies.

Panel Organisers

Engr. Ahad Nazir, Associate Research Fellow / Head Center for Private Sector Engagement, Sustainable Development Policy Institute, Islamabad

Email: ahad@sdpi.org

Mr Abdullah Khalid, Project Coordinator, Sustainable Development Policy Institute, Islamabad

Email: abdullah@sdpi.org

Ms Maheen Rehan, Research Associate, Sustainable Development Policy Institute, Islamabad

Email: maheenrehan@sdpi.org

Mr Hammad Nadir, Research Assistant, Sustainable Development Policy Institute, Islamabad

Email: hammadnadir@sdpi.org