

The Gazette of Pakistan

EXTRAORDINARY  
PUBLISHED BY AUTHORITY

ISLAMABAD, MONDAY, JANUARY 7, 1974

PART I

Acts, Ordinances, President's Orders and Regulations  
NATIONAL ASSEMBLY SECRETARIAT

Islamabad, the 7th January, 1974

The following Acts of Parliament received the assent of the President on the 31st December, 1973, and are hereby published for general information :—

ACT NO. I OF 1974

An Act to provide for payment of a cost of living allowance to employees

WHEREAS it is expedient to provide for payment of a cost of living allowance to employees and for matters ancillary thereto;

It is hereby enacted as follows :—

1. **Short title, extent and commencement.**—(1) This Act may be called the Employees' Cost of Living (Relief) Act, 1973.

(2) It shall come into force at once.

(3) It extends to the whole of Pakistan.

2. **Definitions.**—In this Act, unless there is anything repugnant in the subject or context,—

(a) "cost of living allowance" means <sup>an amount</sup> the amount payable under the provisions of this Act;

(b) "employee" means any person employed, whether directly or through any other person, for wages, to do any skilled or unskilled, intellectual, technical, clerical, manual or other work in, or in connection with the affairs of, an undertaking, under any contract of service or apprenticeship, whether written or oral, express or implied, and includes such a person when laid off, but does not include a person employed on wages equal to, or exceeding, seven hundred and

inserted into Act XLVIII of 1974  
Z. Ord. Reg. Act XL of 1975.

Price : Ps. 13

~~thirty five rupees per month, or~~ a person for whom a provision has been, or may be, made by the Federal Government or a Provincial Government for grant of an allowance intended to provide relief due to a rise in the cost of living;

- (c) "employer", in relation to an undertaking, means any person who employs, either directly or through any other person, whether on behalf of himself or any other person, any employee, and includes—
- (i) a body of persons, whether incorporated or not;
  - (ii) a person who has ultimate control over the affairs of an undertaking, including the owner of the undertaking, or where the affairs of any undertaking are entrusted to any other person (whether called a managing agent, director, manager, agent, superintendent, secretary, representative of the owner or by any other name), such other person, or in any other case, any person responsible to the owner for supervision and control of an employee or for payment of his wages; and
  - (iii) an heir, successor, administrator or assign, as the case may be, of such person or association of persons;
- (d) "undertaking" means—
- (i) an establishment to which the West Pakistan Shops and Establishments Ordinance, 1969 (W. P. Ordinance No. VIII of 1969), for the time being applies, and, notwithstanding anything contained in section 5 thereof, includes clubs, hostels and messes not maintained for profit or gain and establishments for the treatment or care of the sick, infirm, and destitute or mentally unfit persons;
  - (ii) a construction industry to which the West Pakistan Industrial and Commercial Employment (Standing Orders) Ordinance, 1968 (W. P. Ordinance No. VI of 1968) for the time being applies;
  - (iii) a factory as defined in the Factories Act, 1934 (XXV of 1934);
  - (iv) a mine as defined in the Mines Act, 1923 (IV of 1923);
  - (v) a road transport service as defined in the Road Transport Workers Ordinance, 1961 (XXVIII of 1961);
  - (vi) a newspaper establishment as defined in the Newspaper Employees (Conditions of Service) Act, 1973 (LVIII of 1973); and

includes any class of establishments which the Federal Government may, by notification in the official Gazette, declare to be undertakings for the purposes of this Act;

- 1 (c) "wages" means remuneration for services, ~~other than cost of living~~  
 7 ~~allowance~~, payable in cash to an employee without taking account of deductions for any purpose, under a contract of service or apprenticeship, written, oral, express or implied, and includes any dearness allowance or other addition in respect of the cost of living payable or paid for the period preceding the first day of August, 1973, and any payment by the employer to an employee in respect of any period of authorised leave, but does not include—
- (i) any payment for overtime, or
  - (ii) any sum paid to an employee to defray special expenses entailed by the nature of his employment; or
  - (iii) any gratuity payable on discharge; or

(iv) any sum paid as bonus, house rent, conveyance allowance, travelling allowance or any other allowance.

3. Cost of living allowance—(1) Every employee shall, in respect of his employment on or after the first day of August, 1973, whether on time-work or piece-work basis, be paid by his employer a cost of living allowance—

*(whose wages do not exceed seven thousand and thirty five rupees)*

(a) equal to thirty-five rupees per month, if his wages do not exceed seven

(2) In addition to the cost of living allowance admissible under sub-section (1), if any, every employee shall, in respect of his employment, on or after the eighth day of June, 1974, whether on time-work or piece-work basis, be paid by his employer a cost of living allowance.

total of seven rupees are more

*(whose wages do not exceed one thousand and one hundred rupees)*

working period of eight hours of

(a) equal to fifty rupees per month or ten percent of his monthly wages, whichever is more, if his wages do not exceed one thousand rupees; or

Every employee shall be entitled to a cost of living allowance

*(limit not less than one thousand and one hundred rupees)*

(b) at such rate as, together with his wages, makes a total of one thousand and one hundred rupees per month, if his wages exceed one thousand rupees.

of living allowance shall be equal to the cost of living allowance as determined by the Government, but not exceeding the cost of living allowance as determined by the Government.

(3) Every employee shall in respect of his employment, on or after the seventh day of April, 1975, whether on time-work or piece-work basis, be paid by his employer a cost of living allowance equal to twenty-five rupees per month.

ent has not been paid on or after the commencement of this section.

Provided that, for the purposes of this section, the cost of living allowance payable under sub-section (1) of section 3 for any period commencing on or after the first day of August, 1973, but preceding the commencement of the Employees' Cost of Living (Relief) Act, 1973 (I of 1974), or, as the case may be, under sub-section (2) of that section for any period commencing on or after the eighth day of June, 1974, but preceding the commencement of the Employees' Cost of Living (Relief) (Amendment) Act, 1974, the employer shall pay it to him within thirty days of the commencement.

allowance.— Every employee shall be entitled to a cost of living allowance as determined by the Government, but not exceeding the cost of living allowance as determined by the Government.

(a) in the case of the cost of living allowance payable under sub-section (1) of that section for any period commencing on or after the seventh day of April, 1975, but preceding the commencement of the Employees' Cost of Living (Relief) (Amendment) Ordinance, 1975, shall

Pakistan Shops Act, 1973 (No. VIII of 1973), the Companies Act, 1973 (No. XXIII of 1973) and the Employees' Cost of Living (Relief) (Amendment) Ordinance, 1975, shall

(c) in the case of the cost of living allowance payable under sub-section (3) of that section, of the Employees' Cost of Living (Relief) (Amendment) Ordinance, 1975.

30 and 32 necessary the cost of

(b) in any other case, to the authority appointed under sub-section (1) of section 15 of the Payment of Wages Act, 1936 (IV of 1936), having jurisdiction and the provisions of the said section and sections 6, 16, 17, 18, 19, 22, 23 and 26 of the said Act shall, so far as may be and with the necessary modifications, apply for the purpose of the cost of living allowance.

Provided that, for the purposes of the Workmen's Compensation Act, 1923 (VIII of 1923), except section 4 thereof the

7. Cost of living allowance—(1) Every employee shall, in respect of his employment on or after the first day of August, 1973, whether on time-work or piece-work basis, be paid by his employer a cost of living allowance—

(a) equal to thirty-five rupees per month, if his wages do not exceed seven thousand and thirty-five rupees; or

(b) at such rate as, together with his wages, makes a total of one thousand and one hundred rupees per month, if his wages exceed one thousand rupees.

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omitted by Act XXVI of 1977.

8. *Saving of certain rights and privileges.*—Nothing in this Act shall affect any right or privilege to which an employee was entitled,—

(a) in the case of the cost of living allowance payable under sub-section (1) of section 3, immediately before the commencement of the Employees' Cost of Living (Relief) Ordinance, 1973 (XXII of 1973), or

(b) in the case of the cost of living allowance payable under sub-section (2) of section 3, immediately before the commencement of the Employees' Cost of Living (Relief) (Amendment) Act, 1974, under any law for the time being in force or under any award, decision, agreement, settlement, contract, custom or usage in force immediately before such commencement :

Provided that, if, at any time commencing on or after the first day of August, 1973, but preceding the commencement of the said Ordinance or, as the case may be, commencing at or after the commencement of the said Ordinance but preceding the commencement of the Employees' Cost of Living (Relief) (Amendment) Act, 1974, any employer has paid, or become liable to pay, whether by virtue of an award, decision, agreement, settlement, contract, custom or usage, to any employee, in respect of any period, any sum of money, which is intended to provide relief due to a rise in the cost of living, such employer shall not be required to pay to such employee in respect of such period any amount in excess of

(c) in the case of the cost of living allowance payable under sub-section (3) of section 3, immediately before the commencement of the Employees' Cost of Living (Relief) (Amendment) Ordinance, 1975.

*Explanation.*—For the purposes of this proviso, any increase in wages accruing by virtue of the usual annual increment or promotion to a higher grade, or an allowance not specifically given to provide relief due to a rise in the cost of living, shall not be deemed to be an increase intended to provide relief due to a rise in the cost of living.