

Pakistan Wage Trends Report and Recommendations

SUMMARY

Fair Labor Association (FLA) member companies have been collecting data on the average monthly wages of workers in Pakistan since 2020. This report shows that despite increased wages in 2022 and 2023 in the two largest garment manufacturing provinces (Punjab and Sindh), workers' wages remain below living wage estimates.

Between 2021 and 2023, rising inflation and inadequate minimum wage-setting frameworks (including lack of effective worker representation) contributed to the growing living wage gap. While this report is not centered on a particular worker demographic, gender inequity may also play a role in wage trends.

The data in this report is drawn from FLA's Fair Compensation Dashboard and is made publicly available as part of FLA's efforts to promote legal adherence to minimum wages in Pakistan, ensure wage transparency, and support living wages for workers.¹

ANALYSIS

Using data from FLA's Fair Compensation Dashboard, Figure 1 displays the change in average Pakistani worker wages since 2022 across annual samples of 14 FLA member company factories.² Between 2022 and 2023, the average worker's net wage increased 15.82%, from 30,647 Pakistani rupees (PKR) (\$107.10) to 35,947 PKR (\$125.62).³

The lack of reliable living wage benchmarks in other regions hinders FLA's ability to accurately represent wage trends throughout the country. As a result, to calculate Pakistan's potential living wage gap, FLA used the Global Living Wage Coalition (GLWC) living wage estimate for **Urban Sialkot**. Sialkot is the only city in Pakistan for which GLWC provided a living wage estimate in 2023. In addition, 14% of FLA member company suppliers are based in Sialkot, and Sialkot is in Punjab province, which has the highest concentration of member company suppliers.⁴ The living

¹ The Fair Labor Association's Fair Compensation Dashboard allows companies to measure average worker wages in a manufacturing facility and compare them against living wage benchmarks. All FLA member companies are required to collect and analyze wage data from a representative sample of their supply chain. FLA's tools and dashboard are also available for use by non-member companies on a subscription basis.

² Net wage analysis for 2020 and 2021 is not included in this report due to the sample size of factory data sets not meeting FLA's minimum.

³ The exchange rate was 288.3 PKR to 1 USD, as published by US Treasury Reporting Rates of Exchange in Sept. 2023, soon after the latest minimum wage updates in Punjab and Sindh, relevant to this report.

⁴ In a [2023 report](#), GLWC estimates the per month living wage 43,709 PKR in Urban Sialkot. Urban Sialkot is a city and major manufacturing center in the Punjab province.

wage gap noted in this report is based on data from Sialkot and is not an exact nationwide measure.

Against this benchmark, the average net wage in 2023 remained 20.01% below the living wage estimate, demonstrating a sizeable living wage gap. The living wage gap increased 9.42% from 2022, indicating higher worker vulnerability.

Minimum wages in Sindh and Punjab were updated regularly between 2021 and 2023. Pakistan does not require periodic minimum wage updates but it does require local Wage Boards to make wage adjustment recommendations every three years.⁵ On July 1, 2023, both provinces implemented a new minimum wage of 32,000 PKR per month (\$111.00).⁶ This marked an increase of 7,000 PKR, or 28% from 2022, and growth of 60% in the Punjab minimum wage and 68.42% in Sindh between 2021 and 2023. However, inflation remained an obstacle in closing the living wage gap, with inflation rising from 12.2% to 29.9% in the same time frame, according to the IMF's World Economic Outlook [Consumer Price Index](#).

In addition to rising inflation, inconsistent and delayed wage-setting processes across the provinces threaten to widen the living wage gap—even with large minimum wage increases. In June 2022, Sindh increased its minimum wage from 17,500 PKR to 25,000 PKR (31.58%), despite the increase being announced nearly a year earlier, in July 2021. Employers fought the government order in a lengthy [Supreme Court appeal](#), arguing they could not afford higher wages. The legal dispute delayed relief for workers who expected higher pay many months earlier.

The Supreme Court appeal demonstrates the employers' influence in wage-setting. Trade union density remains low—with recent figures from 2018 showing a density of 2.41% across Sindh and Punjab—highlighting the limited worker representation in wage negotiations.⁷ A 2019 [Human Rights Watch report](#) found that factory management often uses coercion to suppress worker grievances, including practices that amount to union busting. Such actions further weaken worker representation in wage-setting processes.

Lastly, although gender disparities are not the focus of this report, it is worth noting that Pakistan has a comparatively low rate of female representation in the garment workforce.⁸ Women constituted only 12.2% of the workforce in FLA member company suppliers in 2023. According to an [ILO Policy Brief](#), female workers in Pakistan earn approximately 30% less than men. This low representation of women, combined with a significant gender pay gap in the country, highlights the importance of further analysis to better understand how gender dynamics shape wage outcomes in the sector.⁹

⁵ *Work and Wages*. (2025). WageIndicator Foundation. <https://paycheck.pk/labour-laws/wages-work>

⁶ The currency exchange in this report is based on the U.S. Treasury Reporting Rates of Exchange dataset, updated July 3, 2025.

⁷ *Statistics on social dialogue*. (n.d.). ILOSTAT. <https://ilostat ilo.org/topics/industrial-relations/>; *A profile of trade unionism and industrial relations Pakistan*. (2018, April 27, pp. 10);

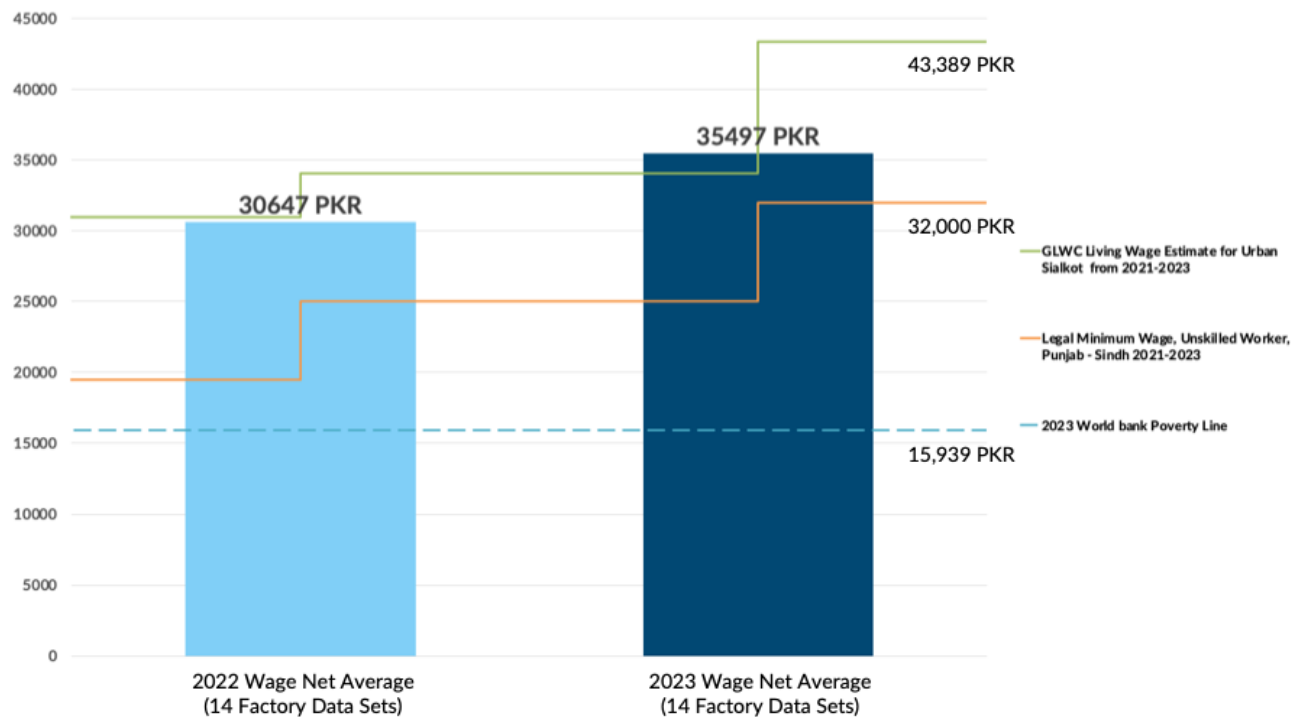
International Labour Organization. <https://www.ilo.org/publications/profile-trade-unionism-and-industrial-relations-pakistan>

⁸ In May, the United Nations Development Programme (UNDP) published an [article](#) outlining low female work rates in Pakistan's private sector and proposed solutions.

⁹ In 2025, FLA launched an update to its Fair Compensation Toolkit for the organization, company members, and dashboard subscribers to collect gender disaggregated wage data.

Given the recent updates in wages in Pakistan and the continued gap with living wage benchmarks, it is important for FLA member companies to work with their suppliers to support the labor cost increases to advance wage equity in Punjab and Sindh provinces.

FIGURE 1: WORKER'S AVERAGE MONTHLY NET WAGES FROM FLA SUPPLIERS, 2022-2023



RECOMMENDATIONS FOR FLA COMPANIES AND SUPPLIERS

To drive progress on purchasing and production practices that support living wages for workers in alignment with GWLC estimates for Pakistan, FLA recommends that member companies:

- Work with suppliers to take into account the challenges and recommendations outlined in FLA's [Issue Brief on Challenges in minimum wage compliance and wage deductions for garment and textile workers in Pakistan \(October 2025\)](#). Companies should ensure that costing and purchase orders enable suppliers to meet legal and fair wage requirements, including proper implementation of wage structures across skill levels and transparent, voluntary deductions for factory-provided services based on actual costs.
- Engage with costing colleagues to understand how wage progress in the Sindh and Punjab provinces can mitigate the company's risk of human rights due diligence violations related to fair wages and poverty conditions. Buyers must improve their negotiation and pricing tactics to ensure legal and fair compensation for workers in Pakistan.

- Continue to verify with suppliers that they are implementing the updated minimum wage regulations for all workers.
- Ensure suppliers have effective grievance mechanisms and are supporting the right of workers to unionize and exercise collective bargaining without interference.
- Engage with suppliers to ensure that worker engagement, skills-training, and compensation systems continue to improve as wages and conditions improve in Pakistan, especially for women workers.
- Fair Labor Accredited companies and suppliers should update supply chain wage data analysis and actions taken to implement their company’s fair compensation [blueprint](#). It is recommended that companies and suppliers report on their high-level fair compensation blueprints update publicly.

APPENDIX: WAGE BENCHMARKS METHODOLOGY AND REFERENCES

World Bank Poverty Line	
2023 value: 15,939 PKR	
The Fair Labor Association (FLA) used the World Bank Poverty Line (WBPL) of 2011 PPP \$3.10 per day to measure poverty for years up until 2023. From 2023 onwards, FLA uses the updated lower-middle income poverty line of \$3.65 per day, based on the 2017 PPP, published by the World Bank in 2022. This update aligns FLA’s calculations with the most current data, reflecting developments in the international economic landscape. FLA uses the poverty line \$3.65 per day for all countries regardless of the level of development because it provides a reliable and consistent way to track poverty over time, allowing for FLA to compare data consistently across different years and regions. On an average month, the poverty line in 2017 PPP is \$3.65/day or \$111.02 per month per person. For two adult consumption units (ACU), the poverty line is \$222.04 per month. According to the World Bank, the 2017 PPP conversion rate (based on private consumption) was 32.8 (data retrieved August 2025). This yields a monthly poverty line in local 2017 currency of 7,282.91 PKR. Adjusting for inflation, the estimated 2023 consumer price index (CPI) is divided by the 2017 CPI to get the desired CPI ratio. This CPI ratio is multiplied by the 2017 local currency value, yielding a 2023 poverty line of 15,939.47 PKR.	
Gross or Net: Gross	

Legal Minimum Wage	
2021 value: 19,000 PKR	Source: The Supreme Court of Pakistan
The provincial minimum wage for unskilled and adolescent workers in Sindh was fixed at 19,000 PKR during negotiations by the Sindh Minimum Wage Board (SMWB).	
Region: Sindh	Gross or Net: Gross

Legal Minimum Wage	
2021 value: 20,000 PKR	Source: WageIndicator
The provincial minimum wage for unskilled workers in Punjab was raised to 20,000 PKR, effective August 2021.	
Region: Punjab	Gross or Net: Gross

Legal Minimum Wage	
2022 value: 25,000 PKR	Source: Business & Human Rights Resource Centre
The Sindh Wage Board announced their decision on June 9, 2022 to increase the minimum wage for unskilled workers from 17,500 to 25,000 PKR, which took effect retroactively from June 1.	
Region: Sindh	Gross or Net: Gross

Legal Minimum Wage	
2022 value: 25,000 PKR	Source: Labour & Human Resource Department Punjab
On June 22, 2022, the government of the Punjab Province announced a minimum wage increase, establishing a minimum wage of 25,000 PKR, effective July 1, 2022.	
Region: Punjab	Gross or Net: Gross

Legal Minimum Wage	
2023 value: 32,000 PKR	Source: Government of the Punjab Finance Department
The provincial minimum wage for unskilled and adolescent workers in Punjab was increased to 32,000 PKR, effective July 1, 2023.	
Region: Punjab	Gross or Net: Gross

Legal Minimum Wage	
2023 value: 32,000 PKR	Source: Labour & Human Resources Department Sindh
The provincial minimum wage for unskilled and adolescent workers in Sindh was increased to 32,000 PKR, effective July 1, 2023.	
Region: Sindh	Gross or Net: Gross

Global Living Wage Coalition Living Wage Estimate	
2021 value: 30,972 PKR	Source: Global Living Wage Coalition
The calculation assumes that the average family has five members and 1.534 full-time earners. The 2021 gross living wage for Sialkot was 31,182 PKR, and the net living wage for Sialkot was 30,972 PKR. These numbers are based on an updated GLWC living wage report published in June 2022.	
Region: Sialkot	Urban or Rural: Urban
Household Size: 5	Gross or Net: Net

Global Living Wage Coalition Living Wage Estimate	
2022 value: 34,074 PKR	Source: Global Living Wage Coalition
The calculation assumes that the average family has five members and 1.534 full-time earners. The 2022 gross living wage for Sialkot was 34,284 PKR, and the net living wage for Sialkot was 34,074 PKR. These numbers are based on an updated GLWC living wage report published in June 2022.	
Region: Sialkot	Urban or Rural: Urban
Household Size: 5	Gross or Net: Net

Global Living Wage Coalition Living Wage Estimate	
2023 value: 43,389 PKR	Source: Global Living Wage Coalition
The calculation assumes that the average family has five members and 1.534 full-time earners. The 2023 gross living wage for Sialkot was 43,709 PKR, and the net living wage for Sialkot was 43,389 PKR. These numbers are based on an updated GLWC living wage report published in June 2023.	
Region: Sialkot	Urban or Rural: Urban
Household Size: 5	Gross or Net: Net

ABOUT THE FAIR LABOR ASSOCIATION

The Fair Labor Association (FLA) promotes human rights at work. We are a network of companies, universities, and civil society organizations collaborating to ensure that millions of people working at the world's factories and farms are paid fairly and protected from risks to their health, safety, and well-being.