ORDER SHEET IN THE HIGH COURT OF SINDH, KARACHI C.P No.D-1734 of 2020

Date

Order with signature of Judge

PRESENT: MR. JUSTICE SALAHUDDIN PANHWAR & MR. JUSTICE ADNAN-ULKARIM MEMON

For hearing of main case.

30.09.2021

Raja Jawad Ali Sahar advocate for the petitioners.
Mr. Jawad A. Sarwana advocate for SESSI/respondent No.2
Mr. Awadh Anwar Khan advocate for Workers Welfare Board Sindh / respondent No.4.
Mr. Salman Talibuddin, Advocate General Sindh.
Mr. Muhammad NishatWarsi, DAG.
Mr. Ali Safdar Depar, Assistant Advocate General Sindh along with Rasheed Solangi, Secretary Labor, Muhammad Bachal Rahopoto, Secretary Workers Welfare Board and Ms. Shahla Kashif, Director Admin, Workers Welfare Board.

Salahuddin Panhwar, J:- Pursuant to orders dated 27.08.2021 and 16.09.2021, Secretary Labour, Secretary Workers Welfare Board as well their counsel Mr. Awadh Anwar are present and contend that they are working in required fields with regard to *reformation in SESSI* and in *Workers Welfare Board* in order *to ensure welfare of the labour class* within the spirit of laws, particularly in Health and Educational Sector. This Court appreciates the statement but with clarification that *'words without action never bring the desired results'*. Accordingly, they shall submit complete mechanism after consultation with all stakeholders thereby assuring that their every single move is towards the *cause* and *object* of the law i.e *welfare of the labour class*.

2. Here, it is worth referring that Mr. Samiullah Qureshi, (Senior Civil Judge), in compliance of this Court directives, *did* a comprehensive work on the subject thereby pin-pointing shortcoming and illegalities. Needless to add that any shortcoming or illegalities are always to be worked and corrected, therefore, the Commissioner SESSI, Secretary Workers Welfare Board and Secretary Labor Department, Province of Sindh shall examine the report of Mr. Samiullah Qureshi, (Senior Civil Judge) and redress shortcoming and illegalities as found in the report, so that true object of establishing all such departments be achieved. At this juncture, it would be conducive to refer relevant portion (s) of report of Mr. Samiullah Qureshi whereby suggestion (s) and lacking are detailed. The same are:-

"It is obvious to conclude that to avail any of the facilities a worker/labour has to undergo a lengthy and time consuming process. In this scenario, following steps are required to be taken in order to improve the system of availing facility either by SESSI or by SWWB:-

- (i) Manual system be abolished at once and Computerized system is required to be introduced for registered workers so that any application of worker/labour be transmitted to concerned without any delay.
- (ii) SESSI is required to enhance medical facilities within their hospitals/dispensaries so that matters will not be referred to other hospitals.
- (iii) As per SESSI, 42 dispensaries and 5 hospitals are working under their supervision; however, during visit of commission, it is observed that in many areas like Sajawal, Tharparkar, Umerkot and Dadu, there is no medical facility available by SESSI. In this backdrop, SESSI is required to develop/construct hospitals/dispensaries in those left over arrears so that medical facilities will be available to a worker/labour conveniently at his door step.
- (iv) As observed above, hundreds of applications of workers/labours are pending before SESSI and SWWB for availing facilities provided by them. In this view, a time limit is required to be fixed which should not be more than 14 days for deciding applications of workers/labours in respect of any facility so that timely help of needy be ensured.
- (v) So far as house allotment policy is concerned, during visits of commission, <u>it has been</u> <u>observed that hundreds of flats are lying</u> <u>vacant</u>. In this regard, a transparent mechanism is required to be made <u>so that</u> <u>houses/flats be allotted to entitled</u> <u>workers/labors timely without any delay</u>.
- 3. Whether methods adopted by the SESSI and Welfare Boards compelling the masters, failing within such definition of acts, are comprehensive so as to get registration of workers with the SESSI and payment of the fix amount as provided under the act and rules? If not, what steps needs to be added?

Having gone through the relevant laws as quoted supra, one can visualize that a comprehensive procedure is available which is compelling the employers to get registration of workers with the SESSI; however, again the implementation of the procedure in its true spirit as provided under the relevant laws is a *question mark* upon the authority. <u>The data given by</u> <u>SESSI (AnnexureB-Page.469) shows that registration of</u> workers with SESSI instead of increasing has been reducing yearly. For the sake of convenience, data given by SESSI is reproduced as under:-

Sr.	Period	Number of Secured Worker			
1.	2012-2013	672,427			
2	2013-2014	720,164			
3	2014-2015	759,339			
4	2015-2016	440,631			
5	2016-2017	625,032			
6	2017-2018	625,527			
7	2018-2019	654,518			
8	2019- up to October 2019	651,364			

The above statistics are sufficient to show the performance of SESSI department. One more significant aspect which cannot be ignored at this juncture is **that SESSI department has failed to collect the contribution from employers**. In this regard, it would be appropriate to give the figures of outstanding amount in shape of contribution against employers(**Annexure-B-Page:-511**)

Sr.	Name of Directorate	Amount Recoverable		
1	Site West Karachi	53230815.49		
2	Site East Karachi	40408352.00		
3	City-1 Karachi	68354516.00		
4	City-II, Karachi	93,958,291.00		
5	Federal B Area, Karachi	60939826.00		
6	Landhi, Karachi	78290528.94		
7	Korangi, Karachi	47,339,651.68		
8	Hyderabad	43,023,094.00		
9	Kotri,	32,051,800.32		
10	Sukkur	60,203,046.79		
	Total Amount recoverable by SESSI is	577,799,923.12		
		About 577 Millions		

In view of above shocking statistics, one can say that **if SESSI** has been failed to recover their due amount from employers <u>then</u> how can they compel the employers to get the workers registered with SESSI. This aspect leads to a presumption that SESSI officials are in connivance with employers and serious action is required to be taken against all the concerned officials without any discrimination of their grades/posts.

Steps needs to be taken:

Presently, an amount of Rs.577**Millions**is outstanding against defaulting establishments which is to be recovered, which prima facie shows that **"masters / establishments"** are not being compelled by SESSI for the payment of outstanding dues. Even the SESSI has never taken any coercive measure for recovery of amount. Further it is also evident from the facts and figures that SESSI is not taking any effort for enhancing the registration of workers. In this view, following steps may be taken:

- 1. <u>Stern action may be taken against defaulting</u> <u>establishments for recovery of outstanding amount</u>.
- 2. Since SESSI <u>field directorates have been miserably failed</u> to compel the masters/ establishments in order to get the registration of workers with SESSI; therefore Commissioner SESSI is required to take action against delinquent officials of SESSI so that in future no one will dare to commit such like delinquency.
- 3. For the purpose of registration of workers with SESSI, Commissioner SESSI may be required to constitute a committee on war footing which ensure 100% registration of workers with SESSI

5. Whether the mechanism of distribution of budget (funds) is, prima facie, eliminating possibilities of illegalities?

Juxtaposing the spirit of above statutory provisions with the physical visits, it can safely be observed that **Sindh Employees' Social Security Institution (SESSI)** and **Sindh Workers' Welfare Board** have the procedure to monitor transfer of funds and also to control / monitor expenditures incurred by the departments and supervise the governing bodies of both the departments. However, *automation is required to eliminate the chances of illegalities for the reason that accounting automation would focus on the entire accounting lifecycle, not just one part of financial management*. This means that the entire accounting process, the capturing, manipulating, and interpreting of transactional data, is done by software, with less dependence on manual transactional entries by people. <u>In addition it is high time that accounts information be published on quarterly</u> basis through websites for public information.

6. Whether there is any prima facie illegality, requiring auditing of the utilization of budget or criminal negligence on the part of SESSI and Workers Welfare Board?

7. Also examine any malfeasance committed by SESSI and Workers Welfare Board.

Matters Pertaining to SESSI

The commission inquired to SESSI vide letter No. 2nd ASJ/74/2020 dated 30.01.2020 regarding details of investment made by SESSI so also the profit received by SESSI from such investment in past 10 years. In response thereof, SESSI submitted its detailed report (**Annexure B-Page-478 & 481**).

Having perused the report of SESSI it appeared that in the year 2017, SESSI made investment of 410 million in ABL stock fund, NAFA stock fund and Atlas stock fund for unlimited tenure from where no profit has yet been received by SESSI. It is a matter of record that before investing the amount in the said schemes, SESSI has already been invested the amount in other profitable schemes from where they are getting handsome profit. Nothing on record, as to why SESSI department chose to invest a huge amount in aforesaid schemes for unlimited tenure. This aspect not only shows the "malfeasance" of concerned SESSI officials but also leads to a presumption that concerned SESSI officials deliberately and intentionally invested a huge amount in aforesaid schemes in order to achieve some ulterior motives.

Apart from above, SESSI submitted a huge list of <u>establishments who</u> <u>committed default in respect of contribution of payment of workers</u> (Annexure-B-Page-510) which becomes <u>577 million rupees in shape of</u> <u>recoverable arrears, which has created budget deficit</u>. In this backdrop, it is necessary to find out as to why the amount has not been recovered timely from defaulting establishments. It is also necessary to fix the responsibility upon concerned SESSI officials, who made negligence and gave leniency to defaulting establishments and stern action may also be taken against them. Furthermore SESSI directorates may also be audited in respect of contribution received from establishments in respect of workers, through any independent auditing agency.

During visit of commission at **Daharki Labour Colony**, it has been observed that there was an incomplete structure of Hospital and no work was being carried out on the site. On query SESSI officials informed that the construction work of the hospital was started in May 2018; however, the construction work was stopped in December 2018. When the commission asked as to why construction has been stopped, the SESSI officials remained silent and didn't give any answer. In this scenario, **a thorough inquiry may be conducted for non-completion of the work of the Hospital, after spending a huge amount on its structure**.

Matters pertaining to Sindh Workers Welfare Board

During visits of Commission at Kotri, Sindh Workers Welfare Board, officials pointed out site selected for construction of 1504 flats at DehSonWelhar tapa Bolhari, TalukaKotri District Jamshoro Sindh. Upon queries, Secretary Sindh Workers' Welfare Board stated that land in question is cancelled by Senior Member Board of Revenue, which was previously allotted to Workers Welfare Board. **Picture of that land is given below**

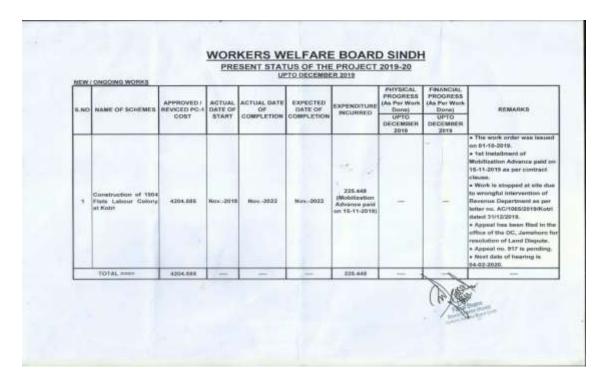
Upon further queries, commission came to know that the said department has despite the cancellation of land in their name issued work orders to following contractors:

- 1. M/S J&J Builders and Developers amounting to Rs.543,693,635.34/-(work for external development)
- 2. Umar Jan & Co amounting to Rs.587, 531, 483.00 for (construction of flats 240 flats)
- 3. Al-Meo Builders & developer amounting Rs.626,796,798.60/-(construction of flats 240 flats)

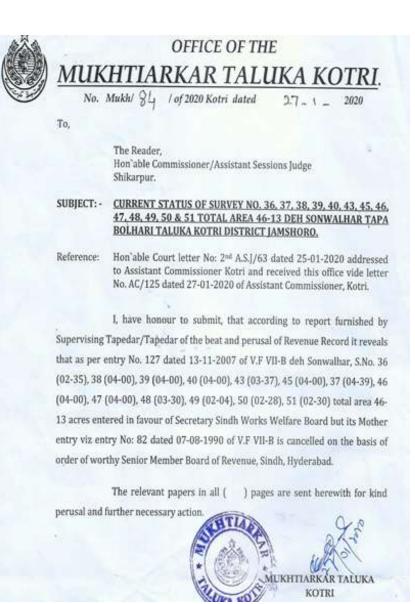
- 4. M/S Nadir khan & brothers amounting to Rs.627,965,962.59/; (construction of flats 256 flats).
- 5. M/S Nadir khan & brothers amounting to Rs.587, 553, 291.88/-(construction of flats 240 flats)



From perusal of the work orders it appears that they have been issued for the construction of 992 flats and for external development, yet. (Copies of work orders are Annexed as Annexure-H-Page-19 to 27) respectively. <u>Record further shows that 225.448 Million spent on</u> <u>mobilization to successful bidders</u>. (Copies of Work orders are annexed at (Annexure H-Page-17).



In this regard Commission enquired the status of land from Mukhtiarkar Taluka Kotri who replied to commission vide **letter No.MUK/84/of 2020 Kotri Dated 27.01.2020** that the said land of total area 46-13 acres entered in favor of Secretary Sindh Workers' Welfare Board, but its mother entry viz. entry No.82 dated 27.08.1990 of V.F VII- B has been cancelled by the order of Senior Member Board of revenue Sindh. For the sake of convenience, report submitted by Mukhtiarkar Taluka Kotri is hereby scanned for ready reference.



As per revenue record said entry in the name of Secretary Sindh Workers Welfare Board, was cancelled in the year 2016 such note was also kept on relevant revenue record/page (Annexure-E-Page-13-15); despite of that, work orders were issued on 1-10-2019 and huge amount spent on mobilization too. The issuance of work orders and expenditure incurred on the mobilization being done on a cancelled land shows malafide / malfeasance of concerned officials of Sindh Workers Welfare Board. Not only this, these illegal acts of SWWB officials, has apparently caused huge loss to the public exchequer. In this scenario, a full-fledged inquiry is required.

Apart from above, during the visits of commission it has also been observed that due to "malfeasance" of Sindh Workers Welfare Board labour colonies thousands of poor families of workers are living in *pathetic* and <u>oppressive, inhuman conditions.</u> All the labour colonies (in which houses / flats are allotted to workers) have common problems as follows.

• <u>Illegal Occupations:</u> Commission during visits also visited labour colonies situated in Jacobabad, Larkana, Shaheed-Benazirabad, Ranipur, Khairpur, Sukkur, Hyderabad, Kotri, Nooriabad, Thatta, Sujawal, Gharo, Lakhraand Karachi. During visits <u>it appeared that most of the houses/flats</u> <u>of workers are illegally occupied by those persons who do not come within the ambit of labor / worker</u>. Not only this Workers Welfare Board has no record <u>as to who is in the illegal possession of flats / houses of workers/labours</u>. On sites such information has been furnished by the respective officials of Sindh Workers Welfare Board particularly Sub-engineers appointed by them at each colony as care taker. In the light of information furnished by them table has been formulated (given below).

S.NO	NAME OF PROJECT	SCOPE			DATEOF	ILLEGAL OCCUPATIOS
		HOUSES	FLATS	PLOTS	COMPLETION	
А	KARACHI REGION					
	North Karachi					
1	Construction of 154 Flats at North Karachi Near		154		1975	77
2	Godra Camp 200 Plots at North Karachi Near Godra Camp			200		
2	Landhi			200		
3	Construction of 384 Flats at Landhi Near EPZA		384		1975	259
4	Cattle Colonv Construction of 350 Houses at Landhi Near	350			1975	282
+	EPZA Cattle Colony	350			1975	202
5	Construction of 144 Flats at Landhi Near EPZA		144		1995	
6	Cattle Colony Construction of 500 Houses at Landhi Near	500			1996	225
	EPZA Cattle Colony					-
7	Construction of 600 Flats at Landhi Near EPZA Cattle Colony		600		2006	278
8	Construction of 126 WWBS Employees Plots at			126		
9	Landhi Near EPZA Cattle Colony 800 Plots at F-1 Landhi Sherpao Colony			800		
9	800 Plots at F-1 Landni Snerpao Colony			800		
10	1800 Plots at F-2 Landhi Sherpao Colony			1800		
	Korangi					
11	Construction of 448 Flats at Korangi Near PTCL		448		1975	188
	Office Bangali Camp Industrial Area					
12	Construction of 248 Houses at Korangi	248			1975	200
13	Construction of 480 Flats at Korangi Near Vita		480		1996	400
	Chowrangi Sector 32-A Labour Square SITE					
	Construction of 651 Flats at (3rd, 4th & 5th					
14	Floors) Old Labour Square at SITE Near Philips		651		1975	585
15	Company Shershah Construction of 400 Old Necular Houses at	400			1975	314
15	SITE Near Philips Company Shershah	100			1975	511
16	Construction of 400 New Nucleus Houses at	400			1988	319
17	SITE Near Gulshan-e-Labour S.I.T.E Karachi Construction of 256 Flats at SITE Near Gulshan-		256		1996	217
	e-Labour Shershah					
В	HYDERABAD REGION					
18	Construction of 84 Flats at Labour Square		84		1975	50
19	Hyderabad Near Custom House Construction of 200 Houses at Labour Square	200			1984	134
20	Hyderabad Custom House	400			1007	210
20	Construction of 400 Houses at Labour Square Hyderabad Custom House	400			1996	318
	Kotri					
21	Construction of 160 Flats at Labour Colony		160		1975	144
22	Kotri Construction of 390 Old Houses at Labour	200			1000	363
22	Colony Kotri Phase-1	390			1996	303
23	Construction of 200 Houses at Labour Colony	200			2003	171
	Kotri Phase-2				2002	170
24	Construction of 200 Houses at Labour Colony Kotri Phase-3	200			2005	170
	Mirpur Khas					
25	Construction of 200 Houses at Mirpurkhas	200			2007	160
С	Khayaban-e-Noor, Mawa Roa LARKANA REGION					
U	LARKANA REGION Larkana					
26	Construction of 100 Houses at Larkana	100			2004	86
27	Naudero	<i>c</i> 0			2002	40
27	Construction of 50 Houses at Naudero	50			2002	40
D	SUKKUR REGION					
	Sukkur					
28	Construction of 200 Houses at Labour Colony Sukkur Near Ahmed Ghee Mill	200			1996	149
	Khairpur			-		1
29	Construction of 50 Houses at Labour Colony	50			2002	31
	Khairpur Near IBA College					
30	Dehrki Construction of 300 Houses at Dehrki	300			2005	250
50	Mirpur Mathelo	300			2003	250
31	Construction of 500 Houses at Mirpur	500			2008	480
	Mathelo, Sindh					-
32	T Nawabshah Construction of 100 Houses at Labour	100			2009	100
52	Colony Nawabshah Airport Road	100			2003	100
	T TOTAL ===>	11075				5990

The above table shows that around <u>5990</u> accommodations are in illegal occupation and even multi storey buildings have been constructed on the single storey houses / plots. Further many commercial activities are going on the places which are only meant for accommodation of workers / labors and their families. Inhabitants pointed attention on destroyed sewerage lines, damaged internal roads, cracked buildings which became dangerous for residents but Workers Welfare Board has not provides schemes of rehabilitations to them neither they seriously acted to eject illegal occupant; no actions before competent Judicial forums have been taken

against them; such fact shows board officials have closed their eyes and authorize their illegal occupation impliedly, in their connivance.

• <u>Non-allotment of newly constructed flats to workers:</u> On the one hand Sindh Workers Welfare Board is not taking meaning full actions on the illegal occupants in the labour colonies on the other hand they are not allotting constructed flats amongst workers as per policy, despite the fact that constructions have been finished years ago. Due to these newly constructed thousands of flats at Sukkur, Shaheed Benazir Abad, Larkana, Hyderabad, Kotri, Sajawal, Jhampir, Gulshan-e-Maymar and Karachi are lying vacant and depreciating / diminishing their value. Due to this policy of Board, Ranipurlabour colony of 92 houses has been suffered badly and became inhabitable due to water logging and salinity due to poor management and malfeasance of SWWB.

(Pictures of colonies city-wise/ projects wise are given below with remarks observed during inspections).

• <u>Schools under the management of SWWB.</u> Like labour colonies, welfare board is also not paying any heed to the betterment of school systems. The structures of almost all the schools are in horrible conditions expect few schools situated at Hyderabad and Karachi. Pictures below showing the poor conditions of the schools city wise.

<u>Clean Drinking Water Facility:</u> Sindh workers welfare board is also not providing clean drinking water facility to the labour colonies and in schools. Not even a single RO plant is installed for that purpose across the Sindh. This also violates the fundamental right of workers to **life** which is enshrined in **Article 9 of the Constitution of the Islamic Republic of Pakistan 1973**."

The above portion (s) of the report are, *prima facie*, sufficient to hammer here that all above department (s) didn't do what they were required to do which resulted in said *picture*. However, since the present have made categorical statement that they shall take initiatives to bring things as per commandment of law, therefore, such statement is taken on record as *undertaking*. Needless to add that since the illegalities / failures are detailed in the report therefore, they shall attend to the same and shall submit report as to what initiatives, taken with regard to said lacking.

3. With regard to the registration of Workers and Workman, Secretary Labour contends that there are 10 Directorates of SESSI in Province of Sindh having nexus with NADRA and there is mechanism of issuing of smart card as well as they have issued more than ten thousands smart cards whereas, 600,000 workers are registered and yet they have to issue smart card of about more than 600,000. Issuance of small number of cards, shows lack of interest by the department, hence, this exercise shall be completed within three months.

4. At this juncture, learned counsel for SESSI contends that legally employers are required to fulfill required form and thereafter work of SESSI is

to be commenced as provided under Section 22 of SESSI Act, 2016. Needless to mention that Act itself provides mechanism if employer fails to register their employees, hence, SESSI shall continue campaigning of awareness as well action against the defaulting employers.

5. Secretary Workers Welfare Board is present also seeks time to place on record mechanism of scholarships to be provided to the students of labour class particularly in private institutions on Graduation level. At this juncture, he contends that they are providing scholarship upto matric level. It is very pertinent to mention that workers Welfare Funds shall not be utilized upto matric level as same is responsibilities of the State under Article 37 of the Constitution of Islamic Republic of Pakistan, hence, the Board legally can't take an exception to such responsibility of the Government rather should come forward to ensure higher education to students of such *class of people* which, too, by examining their education record on merit. Accordingly, they shall provide scholarship in same manner as introduced by SEF, Education Department. Besides Welfare Board Act says investment of fund in Government's profitable schemes, hence judicial propriety demands that a handsome amount out of 19 billion shall be spared for establishing endowment fund in education likewise Education Department College side, and that trust shall be registered in same fashion.

6. It is admitted fact that there is less number of workers and workman registered with SESSI and Workers Welfare Board and thousands labours are yet to be registered. Accordingly, Secretary Labour and Commissioner SESSI shall examine this aspect and ensure that all workers, particularly working in Industries, are registered *first* because identifying industries is not a big task. In second phase, Super Stores, Patrol Pumps etc shall be worked out for registration of workers / labours, employed there. Secretary, Labour & Commissioner SESSI must also make arrangement for making the labours /

workers aware of the benefits which they, per law, shall receive in consequence to their registration. Such should not be limited to papers only but by making public gathering; seminar (s) etc which, too, by making invitation to workers / labours at good level.

7. With regard to contention of learned counsel for the petitioners that there should be a mobile application for registration of workers to enable and facilitate the employers in this behalf; at this juncture SESSI's counsel submits amendment in Act which provides self-registration. Accordingly, Mobile App shall be introduced within two months.

8. At this juncture, Secretary Workers Board contends that yet they have not received any contribution by the Government since its inception by the Provincial Law. It would be conducive to refer Section-4 of the Sindh Workers Welfare Fund Act, 2014:-

4. Constitution of Workers Welfare Fund.-There shall be constituted for the purpose of this Act, a Workers Welfare Fund which shall consist of -

(i) an initial contribution to be made by Government;

(ii) the share of funds or assets, received from Workers Welfare Fund;

(iii) such moneys as may, from time to time, be paid by the industrial establishments under sections 5 and 6;

(iv) any amount transferred to the Fund from time to time under clause (d) of paragraph 4 of the scheme set out in the Schedule to the Companies Profits (Workers Participation) Act, 1968 (Act No.XII of 1968);

(v) <u>voluntary contributions in the shape of money or</u> <u>building, land or other assets made to it from time to time</u> <u>by Federal Government, Provincial Government, local body</u> <u>or corporation established under law, or by any person,</u> <u>charitable institutions or philanthropists;</u>

(vi) income from the investments made and properties and assets acquired from out of the Fund;

(vii) proceeds of loans raised by the Board; and

(viii) all assets transferred and devolved by the Federal Government.

The above section speaks that first contribution will be by the Government but

Secretary, Workers Board claims that no such amount has ever been paid,

however, does not claim to have ever approached to government in this regard. Secretary Labour shall examine this aspect and the department should approach to the government with reference to said provision by submitting necessary summary. The Government of Sindh, hopefully, shall consider the same and an appropriate fund may be allocated for the Workers Welfare Board as per law.

9. Counsel for SESSI contends that all amounts received by SESSI are invested in profitable schemes, whereas, Secretary Workers Welfare Board contends that they have no concept of fixed investment of any portion of fund, hence, in view of clause (b) of Section 11 of Sindh Workers Welfare Fund Act, 2014, which is reproduced herein below, the amounts shall be invested in similar way as applied in EOBI and SESSI:-

11. Functions of the Board. – The functions of the Board shall be

(a).

(b) to invest money held in the Fund of the Board in Securities approved for the purpose by Government or in any financial institution being run under the control of Government."

Thus, Sindh Workers Welfare Board shall ensure compliance of this provision of law in its letter and spirit.

To come up on 02.12.2021 at 11.00 a.m.

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JUDGE

ahzadSoomro