

# Commercial Contract

## EMPLOYMENT AGREEMENT (PERMANENT)



*Empowered lives.  
Resilient nations.*



### Small and Medium Enterprises Development Authority

#### Ministry of Industries & Production

#### Government of Pakistan

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January 2013

## **Employment Agreement (Permanent)**

Pro-Gole (Right to do Business)

Legal Services, B&SDS

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### LEGAL SERVICES, SMEDA

The Legal Services (LS) department is a part of Business & Sector Development Services Division of the Small Medium Enterprises Development Authority and plays a key role in providing an overall facilitation and support to the small businesses. The LS believes that information dissemination among the small businesses on the existing legal & regulatory environment and business to business and business to client contracting is of paramount importance and plays a pivotal role in their sustainable development.

In order to facilitate small businesses, the LS, under the Pro-GOLE (Right to do business) project, a joint SMEDA-UNDP initiative for supporting the small businesses, has developed user-friendly contract templates.

### Pro-GOLE, (Right to do Business)

The UNDP has partnered with the Small and Medium Enterprises Development Authority to initiate and execute the Pillar 4 (Right to do business) component of the UNDP PRO-GOLE project which seeks to enhance the legal awareness and mobility of marginalized/ informal businesses. Under the project legal services outreach shall be extended to small businesses including home based enterprises, small shopkeepers, growers, women entrepreneurs, hawking vendors etc. In addition, small business shall be mobilized to access legal services.

### The Need for Commercial Contracts Templates

In an increasingly complex and competitive industry, it is vital that suppliers and purchasers are fully protected against legal and commercial risks. To counter such risks, a viable solution; available as- of the shelf commercial contract templates- will provide the users with first class ready to use support. With obligations properly set out and liabilities accurately defined, the users will be in a far better position to look after their rights and interests and move forward from their marginalized positions to being active players of the economy. The Legal Service Providers can equally take benefit of these templates for their professional and business development.

### Disclaimer

The information contained in this template is meant to facilitate the businesses in documenting transactions with reference to employment matters. However, SMEDA, UNDP or any of their employees or representatives accept no responsibility and expressly disclaim any and all liabilities for any and all losses/shortfalls caused by or motivated by recommendations from the information contained within this document. Although SMEDA's ambition is to provide accurate and reliable information; yet, the document is not an alternative to expert legal advice and should ideally be used in conjunction with the same. Any person using this document and or benefiting from the information contained herein shall do so at his/her own risk and costs and be deemed to have accepted this disclaimer.

Information contained in this document may be freely used provided that relevant acknowledgement is accurately quoted with each usage.

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### 5. EMPLOYMENT AGREEMENT (PERMANENT)

THIS EMPLOYMENT AGREEMENT (hereinafter referred to as the "Agreement") is made at [insert place] on this \_\_\_\_ (insert date) day of \_\_\_\_\_ (insert month), 20\_\_ (insert year)

#### BY AND BETWEEN:

M/s [insert Name], a public/private company incorporated under the Companies Ordinance, 1984, having its registered office at [insert Address] through its [insert Designation], Mr/Mrs/Ms [insert Name];

OR

M/s [insert Name], a partnership concern of Mr/Mrs/Ms [insert Name] and Mr/Mrs/Ms [insert Name], having its place of business at [insert Address] through its Partner, Mr/Mrs/Ms [insert Name];

OR

M/s [insert Name], a sole proprietorship concern of Mr/Mrs/Ms [insert Name], having its place of business at [insert Address] through Mr/Mrs/Ms [insert Name];

(hereinafter referred to as the "Employer", which expression shall, wherever the context so provides, include its successors, assigns, nominees and agents)

AND

Mr/Mrs/Ms [Name], son/wife/daughter of [insert Name], r/o [insert Address] CNIC # [insert Number] (Hereinafter referred to as the "Employee".)

(The Employer and the Employee are hereinafter collectively referred to as the "Parties", and individually as the "Party").

WHEREAS the Employer is carrying on the business of [insert description of the Business].

AND WHEREAS the Employer is desirous to appoint the Employee for the provision of [insert description of services].

AND WHEREAS in reliance on the representations made by the Employee, the Employer has agreed to appoint the Employee in the

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capacity of [insert designation] based on the terms and conditions hereinafter appearing.

NOW, THEREFORE, THIS AGREEMENT WITNESSES AS FOLLOWS:

### **1. APPOINTMENT**

Effective from [insert date] the Employer agrees, on the basis of representations made by the Employee as regards academic qualifications, relevant work experience and training, to employ the Employee and the Employee agrees to serve the Employer as [insert designation].

### **2. PROBATION**

This Agreement is subject to a probationary period of [insert number] months, which may be extended to a further period of [insert number] months in case the Employee fails to perform during the initial [insert number] months period. During this time, the Employer shall have the exclusive right to terminate this Agreement without notice and without assigning any reason.

### **3. REMUNERATION**

By way of remuneration for Employee's services under this Agreement the Employer shall pay to the Employee a gross salary of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) (insert amount) per month from which the Employer shall deduct withholding tax at [insert percentage] %.

### **4. DURATION**

This Agreement shall come into effect on the date of signing of this Agreement, shall continue to remain in force unless otherwise terminated by the Employer in accordance with Clauses 2 and 13 of this Agreement.

### **5. RESPONSIBILITIES AND FUNCTIONS**

(1) The Employee shall be responsible:

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- (a) to work in the capacity of [insert designation] for [insert name of the department] office;
- (b) for administration (dealing with departments, development of policy matters and administrative issues of staff, etc.);
- (c) for training (as a trainer, training of staff at all levels);
- (d) to undertake all other duties and responsibilities in careful and efficient manner to the satisfaction of the Employer;
- (e) to comply with the health, safety and environmental guidelines of the Employer or of the Customers, as the case may be.

### **6. SERVICE OBLIGATIONS**

The Employer shall be at liberty, at any time during the Employee's service under this Agreement:

- (1) to change the post and job description of the Employee.
- (2) to transfer, depute or assign to work for any customer of the Employer, permanently or otherwise. In the event of such transfer, deputation or assignment, it is clarified that Employee shall at all times remain an employee of the Employer and shall not, under any circumstances, be considered an employee of the customer for the period of such transfer, deputation or assignment.

### **7. GENERAL CONDUCT**

- (1) The Employee shall comply with such service rules and regulations as may be prescribed and amended from time to time and promote the interests of the Employer which he may be for the time being serving to the best of his knowledge and skills, and except during authorized holidays shall devote whole time and attention to its duties.
- (2) The Employee shall perform, observe and conform to such duties and instructions as may from time to time be communicated by the Employer and shall not act in any manner contrary to the interests of the Employer.

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### **8. TRAVEL**

The Employee shall make such journeys on the Employer's business as may be required by the Employer from time to time and the Employer shall pay all his or her reasonable traveling and other expenses incidental thereto as per the Employer rules and policy.

### **9. CONFIDENTIALITY**

(1) The Employee shall keep the secrets of the Employer and shall not either during his or her employment hereunder or at any time after the termination thereof divulge any matters or things relating to the business or interests of the Employer to any unauthorized person or utilize any secret or confidential knowledge or information acquired in consequence of the Employee's service hereunder to the detriment or prejudice to the interests of the Employer.

(2) The Employee shall pay all costs and legal fees incurred by the Employer in enforcing this Agreement in a court of law for breach of the confidentiality obligations contained in this clause.

### **10. NON-COMPETITION**

In the event of termination of employment, the Employee shall not, for a period of [insert number] months, directly or indirectly obtain employment in a similar capacity with a competitor of the Employer.

### **11. OTHER EMPLOYMENT**

The Employee shall not accept any employment, from any other organization, on whole or part time basis without the written permission of the Employer. Further, the Employee shall not, through self-employment, undertake any trade, business or occupation whilst serving with the Employer.

### **12. NON-ASSIGNMENT**

In no circumstances whatsoever can the Employee assign the benefit of this Agreement to any third person or to delegate to a third person the duties to be performed under this Agreement.

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### **13. TERMINATION**

(1) The Employer may terminate this Agreement without notice and compensation and with immediate effect in the following circumstances:

- (a) any breach of this Agreement or the service rules made hereunder on the part of the Employee;
- (b) inability of the Employee on medical or other grounds to carry out his duties under this Agreement for any period in excess of one (1) month during any period of twelve (12) calendar months of service;
- (c) misconduct by the Employee which shall include any act or omission, whether willful or negligent, which shall in the reasonable opinion of the Employer be prejudicial to its interests.

(2) The termination of this Agreement shall not affect in any way the obligations of the Employee under Clauses 9 and 10 hereof which obligations shall continue to be fully binding on the Employee notwithstanding such termination.

(3) The exercise of termination rights shall be in addition to, and not in substitution for, any other remedies that may be available to the Employer and the exercise of such rights shall not relieve the Employee of the obligations incurred to the date of such termination, or relieve the Employee from liability and damages for breach of this Agreement.

### **14. COMPENSATION FOR HARM**

The Employee shall be bound to make good any loss or damage to the Employer's assets, properties and personnel caused by the Employee's breach of confidentially obligations under Clause 9, willful conduct, negligence, fraud, carelessness or act of omission.

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### 15. INDEMNITY

The Employee shall hold the Employer secured, harmless and indemnified against any and all loss, damage and detriment occasioned or suffered by the Employer owing to any breach of this Agreement on the part of the Employee.

### 16. SEVERABILITY

In the event that any provision in this Agreement should under applicable law be held illegal or void, such provision shall be considered severable and the remaining clauses and provisions shall continue in full force and effect. In such case, the Parties shall make every effort to replace the ineffective provision with a new provision which has the same effect, or as approximate effect as possible, as said provision. If the Parties cannot agree to such new provision, either Party shall be entitled to terminate this Agreement with immediate effect.

### 17. WAIVER

Failure of either Party to insist upon the strict and punctual performance of any provision herein shall not constitute a waiver of the right to require such performance, nor shall a waiver in one case constitute a waiver with respect to a later breach whether of similar nature or otherwise. Nothing in this Agreement shall prevent a Party from enforcing its rights by such remedies as may be available in addition to termination.

### 18. ENTIRE AGREEMENT/AMENDMENT

This Agreement constitutes the entire understanding and agreement between the Parties in relation to the subject matter hereof. All previous agreements between the Parties relating to the subject matter hereof are automatically terminated when this Agreement enters into force as set out herein. Any amendment of this Agreement, to be valid, shall be made in writing and signed by duly authorized representatives of both Parties.



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**19. SOLE JURISDICTION**

This Agreement is made at [insert place] and the courts at [insert place] shall have exclusive jurisdiction in respect of all matters arising under or pertaining to this Agreement.

**20. NOTICES**

All notices required or contemplated under this Agreement shall be given in writing by registered mail, acknowledgement due, or by fax or telex or telegram to the following:

If to the Employer: [insert address]

If to the Employee: [insert address]

IN WITNESS WHEREOF, the Parties have signed this Agreement, having fully understood the conditions set therein, of their own free will, in the presence of witnesses.

\_\_\_\_\_  
For and on behalf of  
The Employer

\_\_\_\_\_  
For and on behalf of  
The Employee

Witnesses:

1. \_\_\_\_\_

2. \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_