

Commercial Contract

MODEL EMPLOYMENT CONTRACT



*Empowered lives.
Resilient nations.*



Small and Medium Enterprises Development Authority

Ministry of Industries & Production

Government of Pakistan

www.smeda.org.pk

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January 2013

Model Employment Contract

Pro-Gole (Right to do Business)

Legal Services, B&SDS

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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2. MODEL EMPLOYMENT CONTRACT

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 [insert 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").

The Employer and the Employee hereby agree to the terms and conditions as set out in this Agreement:

POSITION

1. The Employee shall be appointed to the position of [insert Designation] and the Employee agrees to undertake the tasks and responsibilities as indicated in the job description for this position, as presented in Annexure A.

2. The Employer shall be able to transfer the Employee to any location related to the fulfillment of the tasks and responsibilities indicated in Annexure A, provided that the Employee is given a prior [insert number] month notice before such transfer is affected.

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DURATION

3. This Agreement shall come into force on the date of signing of the Agreement, and shall terminate on the expiry of [insert number] years, unless specifically renewed at the sole discretion of the Employer after consultation with the Employee.

PROBATION

4. The Employee shall complete a period of probation of [insert number] months beginning from the date of signing of this Agreement, after which period the Employee shall attain the permanent status.

PAY AND BENEFITS

5. The Employee shall be paid an amount of Rs. _____/- (Rupees _____) per month (insert amount) (hereinafter referred to as the "Monthly Pay"), paid monthly in arrears on the last day of every calendar month, beginning from the date of this Agreement. The pay of the Employee shall be reviewed at the end of the Employee's probation period, with any new amount being agreed in writing between the Parties.

6. The Employer shall deduct from the Employee's Monthly Pay the government taxes and other payments required by law, or as agreed between the Parties. The total deductions, however, shall not exceed 50% of the Employee's Monthly Pay.

7. The Employer shall pay travel expenses to the Employee for travel costs incurred in the performance of the Employee's tasks and responsibilities, such payment to be made in advance, and to be settled at the end of the travel/tour in accordance with the Employer's procedures.

8. The Employer shall pay to the Employee a daily allowance of Rs. _____/- (Rupees _____) (insert amount) when the Employee is required to travel in the performance of the Employee's tasks and responsibilities.

9. The Employer shall pay to the Employee the sum of Rs. _____/- (Rupees _____) (insert amount) towards the travel costs of the Employee at the commencement of the employment as indicated in Paragraph 3.

10. The Employer shall pay to the Employee the sum of Rs. _____/- (Rupees _____) (insert amount) plus travel allowances for the Employee and his family in the event of the Employer transferring the Employee to another location during the course of the employment.

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11. Pay and allowances and other monetary entitlements under this Agreement shall be payable only in Pak Rupees.

HOURS OF WORK

12. The Employee shall be required to work a maximum of 8 hours per day, 6 days per week, exclusive of the one hour lunch break every day.

13. The Employee shall be entitled to overtime payments against any work which is carried out by the Employee after the normal working hours as enumerated in this Agreement.

14. The Employee shall be entitled to [insert number] days of paid annual leave, [insert number] days of paid sick leave, [insert number] days paid casual leave, [insert number] months paid maternity leave or [insert number], as well as all the usual public and festival holidays as notified by the Federal and Provincial Governments. However, the annual leave entitlement must be taken during the year for which it is granted, and the timing of the annual leave must be agreed with the Employer as far in advance as is possible. The Employer reserves the right to refuse requests for holiday if the proposed timings are not convenient.

SAFETY AND HEALTH

17. The Employer shall provide a working environment that is safe and not harmful to the health of the Employee and assumes prime responsibility for all safety and health matters in the place of work. The Employee agrees to cooperate with the Employer to ensure the working environment is as safe and healthy as is reasonably possible.

18. The Employer agrees to provide the Employee with all necessary protective clothing and equipment associated with the Employee's duties and responsibilities, without any cost to the Employee.

19. The Employer agrees to compensate the Employee for any injury or disease attributable to the performance of his or her duties and responsibilities under this Agreement, or in the event of death of the Employee due to work or work related circumstances, to compensate the Employee's dependants and beneficiaries.

PROVIDENT FUND, PENSIONS AND GRATUITIES

20. On termination of this Agreement, the Employer shall pay to the Employee all payments and entitlements due for provident fund, insurance, pension rights and gratuity payments, if any, as per the applicable laws of Pakistan.

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AGREEMENT RENEWAL

21.The Employer shall notify the Employee at least [insert number] months before the expiration of this Agreement regarding whether the Agreement would be renewed for another term. In the event of the intended re-engagement of the Employee, the terms and conditions of employment, including the duration of the contract, shall be as agreed between the Parties.

TERMINATION OF AGREEMENT

22.The Parties agree that this Agreement can be terminated by either Party giving a minimum of [insert number] months notice to the other Party.

LOYALTY AND CONFIDENTIALITY

23.The Employee agrees to the best of his or her abilities to protect and promote the property, information and business interests of the Employer and not to disclose information to others that could be harmful to those interests.

24.The Employer agrees to respect the rights of the Employee as set out in the Constitution and other relevant laws of Pakistan, in this Agreement and the rules and regulations of the Employer, and to treat the Employee fairly and with respect and dignity.

DOCUMENTATION PROVIDED BY THE EMPLOYEE

25.The Employee declares that all information, documentary evidence, including educational qualifications and medical reports, references, employment history and other documents relied upon by the Employer in entering into this Agreement are to the best of the knowledge of the Employee correct, complete and verified, as appropriate. The Employee further agrees that non-disclosure or withholding of material information that would otherwise have resulted in the Employer not entering to this Agreement shall result in this Agreement being null and void and may, at the discretion of the Employer, lead to prosecution under the relevant civil and criminal laws of Pakistan.

NOTICES

26.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:

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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
Employer

For and on behalf of
Employee

Witnesses:

1. _____

2. _____

Name: _____

Name: _____

Address: _____

Address: _____

ANNEXURE A

JOB DESCRIPTION

The Employee will be responsible to and undertake the following tasks and responsibilities:

- 1.
- 2.
- 3.

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JOB REQUIREMENTS

The person in this position is required to have the following capacities:

- 1.
- 2.
- 3.

The Employee agrees to perform the above tasks and responsibilities to the best of his or her abilities.

For and on behalf of
Employer

For and on behalf of
Employee