



Issue of the  
**World of Work**  
in Nepal

**Editors**

Bishnu Rimal  
Umesh Upadhyaya  
Padam Khatiwada

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Mr. Krishna Bahadur Rai, 46 (a blind worker) working  
in stone quarry, Mahadevbeshi, Dhading since 14 years

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## Editorial Notes

While we are publishing this collection, Nepali people are taking to the streets for genuinely urgent reasons. In Nepal today, advocates of democracy and peace have been suppressed while a militarised autocratic regime rules with an iron fist pushing Nepal a step backward and mocking the long sacrifices of the Nepali people that resulted in democracy in 1990. Our hard-won democracy has once more suffered a royal coup. And naturally the people are out in the streets to fight the coup.

One of the major shortcomings of our multiparty system was that it failed to check dictatorial stratagems and feudal conspiracies against democracy. It failed to reckon the fact that feudal forces were unhappy at the general people enjoying their rights, and they could stage a comeback to strike against democracy that enabled the people to enjoy freedoms. Our democracy could not stand vigilant about its enemies.

Today's Nepal is in the quagmire of extreme leftist and rightist ideologies and, as such, caught in the crossfire of violence and counter violence these extremist ideologies. Innocent people without weapons are paying a tough price as the country continues to descend into chaos and violence. The 1990 Constitution that was drawn up with great efforts and sacrifices has been rendered obsolete.

The popular mass movement of 1990 had restored people's sovereignty and enabled them to govern themselves through the government elected by them. But 12 years later, on the shameful day of October 4 (2002), a royal proclamation was made suddenly snatching the people's sovereignty. After the following '28-month long drama', the monarch went a step further to finish all the remnants of a democratic set-up. The shameful day that marked the finish of Nepali people's sovereignty was February 1<sup>st</sup> (2005). The day the king snatched the executive power and imposed an absolute regime by severing communication links, jailing party leaders, criminalising press and publication freedoms and suspending universal human rights and liberties. The king did all this with the help of the military. Shame on the royal coup!

The country now is burning; the need of the day is to control the fire. Our rights have been snatched and our dignity has been humiliated; the need of the day is to open our mouths as early as possible or else we will have our mouths shut permanently. We should take upon ourselves the responsibility to redefine democracy and chart a way to achieve it in order to restore the rights and freedoms of the Nepali people forestall conspiracies from brutal and insane offenders. If we do not take this august responsibility, there will be no one to do so.

We are publishing this collection as an effort towards that responsibility, a collection of and about the actors of the **World of Work** in Nepal, about the struggles for the dignity of working class peoples. More specifically, this publication has attempted to document GEFONT efforts and GEFONT led movements for the institutionalisation of trade unionism in the post-1990 Nepal while fighting chaos, violence and anarchy all along the way.

In order to make this publication reader friendly, the articles presented here have been classified into nine thematic chapters beginning with a short introduction to the Nepali labour market in order to contextualise the **World of Work** of the 12 years of democratic periods.

The classified articles are in a descending order, starting from 2005 back to 1996. Most of the articles carry GEFONT views although some of them were presented in various forums by GEFONT officials in their personal capacity. Where there is no name of an author, footnotes at the end of each article acknowledge the contribution of the person concerned.

We expect this publication to be a window through which to peep at the Nepali World of Work from its evolution to the present. The publication tells the readers stories and issues of confrontations with odds and challenges and assimilations to ground realities in order to make the labour movement value based, practical and pro-workers. This publication represents the **mood and mind** of the Nepali labour movement, one that has a strong bearing on the democratic movement of the country and one that will decide the future of democracy in Nepal.

Happy New Year 2006!!!

**Editors**

*December 2005*

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# Revisiting Our Labour Market

*By Bishnu Kimal*

## **On Labour market**

After the introduction of plurality in Nepal's politics, globally widespread economic liberalisation started to influence the Nepali labour sector. The liberal economic and industrial policy of the state promoted the process of the globalisation of capital. Despite the opportunity of openness and competition, the outcomes of liberalisation have been mainly negative. One of the examples is the privatisation of the public enterprises and resultant expulsion of large number of workers. The provisions of permanent job status and subsidies for the welfare of the people, which were in place during the period of mixed economy, have been severed. The defective policy of so-called 'hire and fire' has been given a high emphasis by the employers. They prefer to hire workers whenever they feel the need and fire them at their discretion.

The workers are paid a poverty wage when there is surplus of labour. In scarcity, they are paid comparatively higher amounts. In addition, the practice of labour sub-contracting has been enforced. The facilities provided for long time have been curtailed to compensate the increase in other costs in enterprises and industries. In the world of work, workers are still treated as a commodity.

Traditional employment in Nepal is actually based on agriculture. In the last 12 years, there has been a regressive trend of change in agriculture compared to a progressive trend in the non-agricultural sector. The number of self-employed workers in agriculture is continuously falling.

Wage employment has substantially increased. However, employment opportunities have been narrowed-down. The policies of liberalisation adopted so far are to be blamed for the collapse of domestic industries from an uncontrolled inflow of foreign goods. One of the living examples is the textile industry. Looking at the number of workers per enterprise, it is evident that the industries having around 135 workers in 1991 employ only 90 workers now. Official statistics indicate that the rate of unemployment

has exceeded 5 percent and the underemployment rate is more than 45 percent.

The seriousness of the condition in the labour market and employment can be conceived from the increasing rate of the collapse of industries, and the entrance of more than 300,000 new faces every year as job seekers.

The demand of skilled labour has increased due to policies of liberalisation and globalisation of capital. However, the policy makers of Nepal have not paid any attention to quick earning and market friendly skills. As a result, while we are having a large unemployed workforce, on the one hand, we are facing the shortage of skilled labour force on the other.

Liberalisation has adopted a policy of employing cheap and voiceless workers. This has resulted in an employment of foreign migrants in the country, and Nepalis are compelled to go out in search of jobs. According to the statistics of the Department of Labour, there were nearly 4,000-recorded Nepali workers working abroad in 1994. In 2002, the number increased to approximately 125,000.

### **Wage condition**

The norm of *eight hours work*, *eight hours rest* and *eight hours recreation* indicates that the earnings of eight hours of a worker should be enough for their family of four: two spouses and two children. But, the wage system introduced after the parliamentary democracy directed towards *poverty* rather than *decent living*. Consequently, the fate of a large number of Nepali workers has become hard. Their earning of the day is hardly enough for the meal of the day with the next meal always being uncertain. There has been no option except taking loans to perform relevant social and cultural activities. In fact, there has been no change in the practice of burrowing loans and getting sunk in it.

The state in a neo-liberalised framework treats the citizens as customers. The state adopts the policy of satisfying the demands of the riches with the tax paid by the poor. As a result, bureaucracy becomes hopeless and anarchy covers public enterprises. This is the scenario of the world of Nepal's workers.

There has been a substantial change in industrial relation. Ten years back, the employers and the workers were in the state of 'tiger' and 'goat' in the world of . The workers used to burst into a sudden action like a wild cat. Today's workers are however prepared to accept the 'tigers' of yesterday as their social partners. The industrial actions like wildcat-strikes are dragged

gradually in the rim of legal battle. Labour disputes have reached to the level of achieving expected results through dialogue, discussion and agreement instead of pressure, destruction and conflict. Trade union movement has ascended in a rational direction of attaining achievements through agreements instead of filling the history of workers movement from unnecessary sacrifices.

But these achievements are neither the result of merely a natural process nor of the sympathy of other partners. The credit goes to the labour movements covering services, industry and agriculture in this regard. Some representative examples include the nation-wide transport strike against Transport and Traffic Regulation Act, general strike of civil servants, movement for 10 percent service charge in the hotel-restaurant-catering sector, the struggle of carpet workers, struggle of garment workers for wage increases, jute mill workers' movement, the movement of 50 thousand workers in public enterprises and teacher's movements.

There have been countable achievements in the world of Nepali workers during these 12 years. The institutional development of the trade unions, establishment of rights and legal bases, publication of valuable materials on *Workers Education and Training*, exchanges of experiences, increased participation in different national and international forums, and increased capability of policy intervention are some examples in this context.

The effort of building consensus among social partners is one of appreciable initiatives of this period. Similarly, there has been a unified response to the ongoing armed conflict and resultant destruction, unhealthy competition amongst the workers and ultimately the division of trade unionism. Among a number of achievements are; the Dhulikhel Declaration of trade unions on elimination of child labour, consensus on the prioritisation of common agenda among major three trade unions, joint mechanism for gender equality and empowerment, high level task force to move towards single unionism and bilateral agreement for the timely amendment to labour laws, to name a few. We believe, these examples provide concrete answers to pessimists. Liberation of bonded Kamaiyas, minimum wages for agricultural workers and trade union rights in the informal sectors are some other achievements, which cannot be ignored. The credit for these achievements goes to the continuous and unrelieved struggle of the workers in Nepal.

We do have a dark side, too, in our 'world of work'. A major obstacle is the professional inefficiency of managers and employers. A culture of favouritism is still in practice in enterprises instead of professional dedication. There are problems with the government as well. The labour

administration in the government mechanism is not only ineffective but also incapable to face the challenges of time. They lack a progressive mentality.

The demand of the present day is to follow the pace of development creatively. But, we still have a trend of considering the workers as a market commodity and trade union as trouble creators from the conservative lenses of past 200 years.

Precisely putting the facts together, following questions emerge from various corners.

1. Are trade unions political or apolitical?
2. Do trade unions have concerns confined only to rights of the employed or do they also pay attention to the problem of unemployed workers?
3. Is the labour agenda independent or intertwined with politics? How far is its scope?
4. How is the relation between unions and political parties? As a parent and sister organization? As a patron or else?
5. Who should control whom, party to control union or vice versa?
6. How is the current labour law? Friendly with workers? Rational? Incomplete? Or absurd?
7. How about the contribution of unions? Development and improvements in industrial relations or only in 'politics'?
8. What should be the base of a union? Office or the workplace?
9. Is it logical for unions to go for strike and destruction in spite of the possibilities of achieving demands through pressure and dialogues?
10. What is the trend of contemporary trade union movement: political, focussed on economic demands or bureaucratic trade unionism?

Different dignitaries have raised these questions and have made attempts to give their opinions as well. We have made our views public frequently from time to time through our publications and through various forums. We believe, these questions need further discussions and interactions as a significant part of ongoing process.



# 1 Industrial Relations

## Trade Union Movement in Nepal: A Brief History

*By Bishnu Rimal*

"Your Highness! The workers have been led by some so-called leaders in the employment of my different factories and are staying in the quarters in the Mills compounds. They have organised large processions of the workers and have invited leaders and other agitators from socialists unions from British India." Sixth day after launching Nepal's first ever labour movement on March 10, 1947, General Manager of Jute Mills R. K. Sihaniya wrote an appeal to control movement. Mr. Sihaniya named 5 persons as the leaders of the agitation, two of them Man Mohan Adhikari and G. P. Koirala.

"Your highness! Getting these reports I arrived here yesterday and called the labourers of the Jute Mills and Cotton Mills in the presence of the resident Director." Mr. Sihaniya continued, "To arrive at a settlement and end the dispute, I offered the workers the wage and all other facilities applicable in the Jute mills in Katihar and Calcutta. But my suggestion was totally refused and the agitators encouraged them to keep steady on their demand, which was produced to me through the Resident Representative." Instigating the Rana Premier to resort to oppression, Mr. Sihaniya called the demands made by the workers as reasonable and that the demands could not be fulfilled as the margin of profit was very low due to the soaring up of the manufacturing costs.

"Your Highness! After a deep study of the facts and situation I have come to the conclusion that all the workers are completely under the control of the above agitators and it is very difficult to subdue them. Today they demand for 35 percent increment, tomorrow they may demand 50 percent and so on."

"I requested the Badahakim to provide emergency military help; but I was flatly refused. The workers may any time take any violent action. Therefore I fervently pray Your Highness to kindly accede to my prayer

by issuing necessary commands to send necessary military help to our factories within a week for the safeguard of properties."

The appeal written in English by Mr. Sihaniya to Rana Prime minister, presenting himself as 'Your Highness's most obedient Servant' reflects the clear picture of the industrial relation then.

### **Inception of the trade union movement**

That was the time, the mill owners entertained their monopoly in the mill with the support of "prays and orders". As a result of monopoly and towering exploitation, the workers were on the street against factory owners. The then unionist Mr. Naina Lal Bohora thus recalls the situation. "The mill had to run for 24 hours, but the benefits were negligible. One had to work under a heavy pressure. The workers were waiting for an appropriate time to revolt against the Biratnagar Jute Mill Administration."

The then representative of the shareholders in Biratnagar Jute Mill, Late industrialist Juddha Bahadur Shrestha, adds: "There was no labour law, no determined working hours. Workers had to work for more than 12 hours, whereas the workers in the neighbouring India were enjoying 8 hours a working day. The wage rate was significantly low. The managing director had absolute power to hire and fire any workers."

### **The demands of the movement**

The movement geared up with the demands for 8 hours a working day, subsidy in foods and clothes and increases in wages. The movement was one step ahead as it had voiced for trade union rights. On March 4, 1947, the Nepali workers held banners for their rights. It was the first event of its kind in the rule of autocratic Rana regime, a cornerstone for democratic movement which charted a path to the overthrow of the Rana oligarchy.

### **Dispute and the beginning of the struggle**

As the movement began, Girija P. Koirala and his associates called B.P. Koirala from Patna, India. B. P. Koirala was in support of Socialist Party of India. On the other hand, Com. Man Mohan Adhikari invited Mahila Baje of Communist Party of India to address the strike.

The conflict between two schools of thoughts also gave rise to the debate on flag and banner of the movement. One group wanted Workers

Association (Majdoor Sabha) to be the banner with it's a flag like that of Hind Mazdoor Sabha of India. Another group wanted the banner to read Trade Union Congress. Their choice of the flag was similar to that of All India Trade Union Congress. Both groups had their own arguments and assumptions. There was no strong political party in the country at that time. The Nepali National Congress Party was formed just a month ago; the Communist Party was still not in the scenario. Therefore, Com. Man Mohan Adhikari and Mr. B. P. Koirala were standing with their experience based on that of Indian Communist Party and Indian Socialist Party respectively.

### **The first political action in Nepali soil**

B. P. Koirala, Prominent leader of Nepali Congress  
and the first elected Prime minister of Nepal

It was March 1947 when the movement of Biratnagar began. This movement was under the leadership of Girija. This was the action to achieve certain labour rights. Virtually, there was no labour right and monopoly of Mill-owner was widespread. Girija, Tarini, Man Mohan, Yubaraj etc. were working as employees in that mill. A handful of people were brutally suppressing the workers in the mill. The living condition of workers was the worst. There was no water in the quarters. The strike was launched with the demands purely based on labour rights. The later demand for trade union rights was the demand for political rights and this became the first political action that took place in the Nepali soil. This movement had given a tremendous momentum to the country and there was a very encouraging response from the people. I got the telegram to join this movement, because this action was of a political nature. The government and the Mill owners were united, and on the other side, workers had a wide support of the people.

General Ram Shamsher was the chief officer in Biratnagar at that time. I reached Biratnagar and we offered full support to the movement on behalf of the National Congress Party. The political importance of this event was not just the strike of the 5-7 thousand workers, but it was the first movement against autocratic government in the open air. Peoples came from villages. There was a pressing situation to feed the workers on strike. People donated rice, cereals, money to let the strike continue.

Man Mohan Adhikari said, on that occasion, he would address the mass on behalf of the Communist Party, hence introducing the Party for the first time in Nepal. What I wanted to tell is that the Communist Party was not founded later, but in the same period as the founding of the Nepali Congress.

(Excerpts from the Self Portraits, page 53 (in Nepali))



There was no formal trade union. But an overwhelming support to Man Mohan helped decide a mechanism as proposed by Man Mohan. Mr. Girija Prasad was made Chairperson and Man Mohan General Secretary. Then the movement kicked off ultimately. However, almost all leading activists, including B.P., Man Mohan, Tarini, Girija, Biku, and Yubaraj, were arrested. The movement was brutally suppressed.

This suppression led the movement to extend to India. A pamphlet entitled "gun against bread, lathi charge against workers" was distributed on March 25, 1947. Unfortunately, the pamphlet carried only the names of the socialist supporters and not of the communists.

### **Suppression and aftermath**

The appeal of Sihaniya proved to be effective. A platoon of army under the command of Brigadier Colonel Uttam Bikram Rana brutally suppressed the movement. The situation was diffused after arresting the leaders and activists. The leaders were imprisoned and transferred to Kathmandu and others were thrown into Dhankuta Jail. The officer published a notice in Hindi by the order from Prime minister on the 23rd day of the struggle. "By order of his majesty", the notice read, "it is notified that the wage rate has been increased by 15 percent and all workers would be paid for the period of strike. His majesty has ordered to give the same benefits as awarded in the Jute Mill in Katihar. All workers are notified to resume the work before 3.0 PM today. In case of non-compliance with this order, the Mill will be closed for an indefinite period and the workers will have to collect their dues from the office and leave the quarters". Colonel Uttam Bikram Rana, through another notice of March 31, 1947, further announced, "As the leaders confessed their mistakes, begged a pardon and agreed to resume works, all workers are informed to resume their job accordingly."

The story of 1947 labour movement did not end here. Despite the arrest of leaders, the struggle came to a new height in spite of the brutal suppression. The movement achieved some of the demands and laid the foundation of Nepali trade union movement. Prominent leader BP Koirala of Nepali Congress opined that this movement had given a tremendous momentum to the country with a highly encouraging response of the people. People's Leader Madan Bhandari remarked "though the autocratic Rana regime brutally suppressed the movement, the foundation of their repressive regime was badly shaken. As a result, the government declared an act, in 1948, banning the right to association

and even announced a National Assembly with a provision of workers' representative on it."

The period of 1947 to 1951 was a dynamic period with series of ups and downs. The workers' activities in this period contributed tremendously to the establishment of the 'All Nepal Trade Union Congress'. Comrade Man Mohan Adhikari was a pioneer of this union.

The Biratnagar Majdoor Sabha (Biratnagar Workers Union) emerged as a parallel stream—to that of communist oriented Trade Union Congress—in the Nepali Trade Union Movement, a trend that has a strong influence in the Nepali trade union movement until today.

### **The movement compelled the autocratic regime to establish worker's representation in the Governing Assembly**

People's Leader Madan Bhandari,  
the then General secretary of CPN (UML)

For the first time, the workers in the Biratnagar Jute Mill and Morang Cotton Mill launched a strike from March 4, 1947. The principal demands of this strike were proper shelter, appropriate wages and the recognition of independent trade union. The movement as such consciously raised the fundamental demands for the improvement of living and working conditions. This event has become the cornerstone not just in the history of the trade union movement but also in Nepal's democratic movement. This movement is not valued just because this is the first event of this kind but its value is enhanced by its spirit, clarity of demands and its being the precursor of the democratic movement of the country. The first anti Rana regime movement was embarked from here, which later fuelled throughout the country. The autocratic Rana regime was forced to come into an agreement with agitators. However, the Rana regime brutally suppressed the movement, but it could shake and tremble the foundation of the Rana oligarchy. As a result, the government declared an act, in 1948, banning the right to association. It was also compelled to announce a National Assembly with a legal provision for a workers' representative in it. The major success of the movement was to compel an autocratic regime to include workers in its state machinery.

(People's Leader Madan Bhandari with the workers, page 43)

### **The Illusive Concepts**

After 1990, moves through fronts in special situations were begun with some illusive trends. The illusive concept 'trade unions for merely

factory workers' developed the wrong feeling that service sector workers are petty bourgeois. Based on this wrong notion, white-collar workers were considered outsiders.

Only after 1996, the right notion of 'All wage earners in the trade union' has gained its due place. Unions have, now, started to treat one another on the basis whether the union in question is legally recognised or not. Nowadays, a new debate is ongoing to develop a giant and unified trade union movement through the wide unity among the workers of agriculture, manufacturing and service sectors of work.

### **Trade Union Act and Recognition of Trade Unions**

In accordance with the Trade Union Act-1992, unions have been classified in three structures. They are –

- **Confederation** - Mention as **Trade Union Federation** in Law
- **Federation** - Mention as **Trade Union Association** in Law
- **Enterprise level Unions** - Mention as **Trade Union** in Law

The process to form such unions has also been regularized in the law. To form enterprise level union, at least 25 percent of the workers of the enterprises should be signatories. The law has been formulated making compatible to the multi-party system and with high honour one's freedom of association as well. But it is equally aware on division in labour movement and problems of multiplicity of trade unions. Thus, a provision of **Authentic Union** has been made. It will be decided holding an election between registered unions (there may be 4 unions in maximum in an enterprise) to identify **CBA Agent**.

Trade Union federation can be formed under three conditions, which is as following:

1. By associating 50 enterprise level unions
2. By organising 5,000 individual members from trades & industries having same nature of jobs.
3. By organising 5, 00 individual members having same nature of jobs from informal sector.

Likewise, co-ordinating **10** or **more** federations can form a **confederation**. However, it is mandatory that there should be at least **6** federations, which is formed as per process 1 &2 mentioned in above paragraph.

There have been mentioned different roles and responsibilities of trade unions in all levels. The **Confederation** shall represent all labourers in National tripartite committee. It will provide policy inputs to the competent authority. To fulfil member's demands, it will hold various legal measures to pressurise government as well as the employers. Further, Confederation is entitled to launch highest means of peaceful struggle-strike to meet its demands. Confederation shall participate in every labour related forum including the minimum wage board and the ceremonial forum. Maintaining international relationship & policy intervention in National level comes under the Confederation.

**Federation** shall work same as the confederation. The only difference is Federation cannot participate in tripartite body like Central Labour Advisory Committee and the Minimum Wage Board. Federations are responsible to maintain industrial relation with in their **line of industries**.

### **Trade Union Movement Today**

After the success of popular mass movement, open environment for union activities has been achieved. Then next confederation Nepal Trade Union Congress (NTUC) also came into existence. In 1998, another union Democratic Confederation of Nepalese Trade Unions (DECONT) came into existence through division in NTUC.

GEFONT covers general manufacturing, food and beverage, chemical and iron, transport, garment and textile, carpet, hotel and tourism, trekking and rafting, construction as a whole, press, auto-mechanics, rickshaw-pullers, garbage cleaning, tea plantation, agriculture. It's role to relinquish bonded agricultural workers known, as Kamaiyas is significant in post democracy periods.

The NTUC covers general manufacturing, carpet, garment, transport, hotel, tea plantation, financial sector, and health workers etc. In connection with the unions of white-collar workers of public enterprises, two types of trend are being observed. Unions of left-orientation are functioning independently whereas those with non-left orientation have affiliated with NTUC.

However, still non-affiliated left oriented unions are under interaction and discussion to go under GEFONT umbrella. At present, it is indicative that the GEFONT, which initially worked as blue-collar

unions, has been gradually converting itself into common platform for all white and blue-collar workers of Nepal.

A small confederation DECONT claims its activities are on carpet, garment, small hotels and restaurants, brick workers, construction and wood workers, salesman and cinema hall workers etc.

### **Union Density in Nepal**

Through Trade Union Act 1993, a process of union registration and regulation started. According to this Act, unions can be formed at enterprise level with at least 25% of the workers of the enterprise. To the maximum, 4 unions can be formed in an enterprise and collective bargaining agent is decided through election in the enterprises. In this way, present labour law itself has avoided multiplicity of unions in workplace and also has guaranteed the freedom of association provided by the constitution of Nepal.

Trade union federations can be formed through the association of 50 enterprise-level unions or a minimum individual membership of 5000 workers working in the enterprises of the same nature. In informal sector, a trade union federation can be developed with 500 or more workers engaged in the same nature of work. Self-employed workers have also the right to form union. Agricultural workers have also been given the right of unionisation through an amendment in the Act in early 1999. An association of 5000 agricultural workers, covering at least 20 districts out of a total of 75 districts with a minimum of 100 members in each of the district, is necessary to form a national federation in agricultural sector.

Trade union Confederation can be registered with a minimum of 10 national federations under its umbrella where 6 federations must be representing formal sector either of 50 enterprise unions or of 5000 individual members. Thus, at the level of national centres, multiplicity has been restricted to some extent. Just after the establishment of multiparty democracy, almost a dozen of unions associated to different political parties declared themselves as confederation, but when this Act was enacted, most of them could not fulfil the requirements and thus, couldn't have any legal existence.

We can compare the extent of union density at present as following:

**Table 1:** Union Density in formal economy

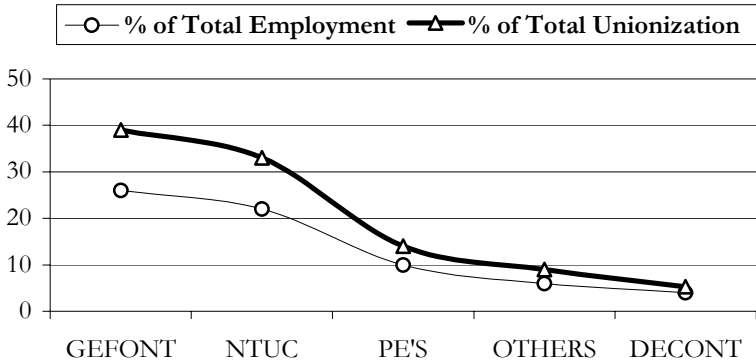
Unions	Total employees under survey	Total umber of union membership	% of unionisation out of total employees	% of unionisation out of total unionised workers
DECONT		6270	4	5
GEFONT		45404	26	39
NTUC		39020	22	33
OTHERS		10373	6	9
PE'S		16889	10	14
<b>Total</b>	<b>173702</b>	<b>117848</b>	<b>68</b>	<b>100</b>

*Source: Labour Offices, HMG/N: 2004*

GEFONT conducted a survey throughout the country to examine union density and status of recognised trade unions in formal sector. The information supplied by the 10 labour offices of the HMG/N indicates that there are 68% workers organised under the unions (*Table -1*). Out of 173,702 workers under the survey, 26% are the members of GEFONT. This number backs authenticity of sample size as well. Similarly NTUC covers 22% and DECONT shares just 4% membership. A remarkable number (6%) are the members in non-affiliated unions either of the national centre. It is interesting that the workers from the public enterprises working closely with GEFONT without formal affiliation cover 10% of total unionised labour force.

If we calculate strength of National Centres based on total unionised force, GEFONT shares 39% and the NTUC shares 33%. It is interesting that recent manufacturing census prevails total number of workers working in the enterprises having more than 10 workers are 181,695.

**Graph 1: Union Density in formal economy**



With regards to recognised unions in enterprise level, there are 935 registered unions (*Table –2*). Out of total registered unions, 60% are with GEFONT. Similarly, NTUC, DECONT and others represent 26%, 4% and 10% respectively.

**Table 2: Number of recognised unions**

Unions	Total Recognised Unions	% of Registered unions
GEFONT	561	60
NTUC	247	26
OTHERS	37	4
DECONT	90	10
<b>Total</b>	<b>935</b>	<b>100</b>

*Source Labour Offices, HMG/N: 2004*

**Trade Unions and International Relations**

Globally, different trade unions are associated with this or that International Centres. Those who are not associated with any Powerful Centres have linked themselves with alternative alliances. The association with such Alliance Groups and Centres has special importance.

However, following the international tradition since its inception, Nepali trade union movement followed a trend of affiliation with international trade union centres. For instance, the first trade union confederation-the All Nepal Trade Union Congress (ANTUC) was also affiliated with the WFTU.

This tradition was broken after imposition of dictatorial political system called *Panchayat*, when all mass organisations along with the trade unions

were banned. After 19 years of silence, **Second Generation of trade union movement** gets birth in new height.

On the one hand, the initiation of newly re-organised union movement in Nepal was heavily influenced by extreme-left orientation and on the other; both ICFTU and WFTU had been juggling around in an exercise to occupy the unions in the continent. They were following a policy like that of super-powers in the third world. They first hurriedly affiliated the so-called unions and later perhaps they realise- Oh! What sort of union became the member now? Moreover, there was no existence of such unions in Nepal who do support either the WFTU or the ICFTU. Thus, a trend of *Non-alignment* has been started.

Dissolution of USSR after 70 years of its establishment resulted into inevitable changes in the influence and base of WFTU, as well as in the role and size of ICFTU.

Post 1990 periods in Nepal similar initiatives had been started again taken by either side. However, GEFONT still maintained non-aligned policy regarding international affiliation.

"Our confederation does not have any biases or prejudices towards any international centre. However, we have our own reservations on some trends still active in the existing centres. We believe corrections may be produced through independent efforts instead of affiliation, and positive contributions can be done even independently for the integration of world trade union movements". This statement by GEFONT 2<sup>nd</sup> National Congress clearly exhibits GEFONT stand on International Trade Union Centres.

GEFONT's this stand has been recognised internationally. Thus, it is now a day working closely with ICFTU and WCL as the **Contact Group member**, and actively participating in the process of creation of New International.

The NTUC immediately seek affiliation by ICFTU after its inception. Very recently DECONT is associating with WCL. A tiny 'union', which is almost a political grouping only, is continuing its relationship with the WFTU.

A remarkable turn has been observed since 1996 in Nepal's trade union movement. After having series of discussion and participating in their



programmes, the GEFONT started to re-think its relationship with some of the potential GUFs. Following the trend, the IFBWW disaffiliated its member related to NTUC. On the other hand the GEFONT allowed some of its National Federations to be affiliated with such GUFs. As a result the CUUPEC-Nepal, one of the GEFONT affiliate active in construction sector affiliated with the IFBWW in May 1999. Like wise Nepal Independent Chemical-Iron Union has been affiliated with the ICEM. By the year 2000, IGCUN also joined ICEM. Further, three national Federations—ITGWUN, NICWU and footwear section of NIWU affiliated ITGLWF.

NTUC enjoys affiliation of its affiliates with most of the GUFs, where as TUN- an umbrella of teachers unions including NNTA & NTA is the affiliate of EI. A DECONT affiliate is also affiliated with IFBWW and TEAN one of the independent Telecom unions is affiliated with the UNI.

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**Chronology of Major Events in the Labour Sector**

1989	July 20	GEFONT established
1990	February	Participation in Pro-democracy movement
1991	May	NTUC established
	May 26	First Labour Advisory Committee formed and GEFONT represented
	June	First National workshop on women workers & Trade Union Movement
	Aug	Minimum wages declared after restoration of Democracy
1992	Mar	GEFONT first National congress convened.
	May	CWWD formed Labour Act 1992 enacted Child Labour Act 1992 enact
	Nov	Bonus Act 1973 fourth amendment Trade Union Act 1992 enacted
1993	January	Transport and Vehicles Management Act 1993 enacted
	June	Foreign Employment Act 1985 first amendment
	Aug	Transport and Vehicles Management Act 1993 first amendment
	Nov	Tea Plantation Workers Regulation 1993 enacted Labour Regulation 1993 enacted Trade Union Regulation 1993 enacted

1994	Feb	Review of Minimum Wages (Increased NRs. 300/- as allowances)
	June	Industrial Relation forum established within FNCCI with the support of Friedrich Naumann Foundation
		Emergency Fund Scheme started by GEFONT
	Dec	International Trade union conference hosted by GEFONT
1995	Jan	Child Labour Protection & Promotion Act 1995 enacted
	Feb	Working Journalist Act 1995 enacted
		Nepal government announced public holiday on 8th March (women's day) for government & public corporations
	Mar	Nepal government ratified ILO convention No 144 on Tripartism.
	May	GEFONT registered as a first Confederation of Nepali Trade Union
1996	Sep	National Labour Academy (NLA) established
	November	Friedrich Ebert Stiftung Nepal Office established
		Child Welfare Committee formed
1997	Jan	Labour Court Operation Regulation 1997 enacted
		Labour Court established
	Feb	NTUC registered as a second National con federation
	March	GEFONT 2 <sup>nd</sup> National congress convened
	April	A rift emerged in NTUC, DECONT formed
	Aug	DECONT registered as a third confederation
	October	Nepal government ratified ILO convention No 98 on freedom of organisation and collective bargaining
		Nepal government ratified ILO convention No 138 on child labour
	Nov	First National Labour Conference.
	December	Working Journalist Regulation enacted
1998	March	National Labour Advisory Committee formed according to Labour Act 1992
		Minimum Wage Board formed
	June	Transport and Vehicle Management Regulation 1998 enacted
	Sep	Review of minimum wages
1999	Jan	First amendment of Labour act 1992
		Second amendment of Foreign Employment Act 1985
	April	First amendment of Trade Union Act 1993; provision included for unionisation of agricultural workers
	July	GEFONT ocelebrates 10th anniversary
	Dec	National Labour Policy formulated

2000	Jan	Minimum wages fixed for Agriculture labourers
	Feb	Bonus Regulation enacted (with amendment) National Welfare Fund formed
	Apr	Reviewed Minimum Wages
	May	Inauguration of GEFONT Health Co-operatives Inauguration of GEFONT central office, Man Mohan Labour Building GEFONT Third National Congress convened
	July	Declaration of Kamaiya freedom Minimum wage revised (NRs. 316 added)
	Nov	TUC-GEP formed
	Dec	Hotel Workers strike
2001	Mar	Essential Services Act imposed on 11 areas of work
	Sep	Malaysia formally welcomes Nepali migrant workers
	Nov	CLAC reformulated Govt. declares privatization of 4 PEs & puts 20 in Pipeline
	Dec	Nepal celebrates its 35 years in ILO GEFONT & NLA launch labournepal.org
2002	Jan	Nepal Ratify ILO Conventions No. 29 & 182
	Feb	Kamaiya Labour (prohibition) Act declare
	Dec	Tripartite declaration for Promotion to gender equality Consensus of trade unions on common priority Agenda for 2003
2003	Feb	First National Congress of DECONT
	Mar	Third National Congress of NTUC South Asian Women Trade Unionist Conference
	May	Joint Celebration of May day by GEFONT & NTUC
	June	GEFONT Organised National Women workers Conference
	Aug	Minimum wage revised
	Sept	Minimum wage for tea plantation revised GEFONT and other 2 recognised Trade Union Centres
	Nov	proposed detail view on 7-point agendas for labour law reform during bipartite social dialogue with FNCCI
2004	May	GEFONT organises 4 <sup>th</sup> National Congress
	Sept	Violence sparks in Kathmandu after annihilation of 12 Nepalis in Iraq; vandalised more than 300 Manpower Company Trade Unions along with employers opposed Maoist call for closure of 5 dozen industries & enterprises

2005 Jan	2 <sup>nd</sup> National Labour conference held
Mar	Unions jointly organised 8 <sup>th</sup> March
May	Trade unions and professionals jointly Celebrated May Day with grand mass show
July	Trade Unions and professionals jointly convened National Seminar on Poverty; declares organising committee for wider trade union Conference
Sept (10-12)	1 <sup>st</sup> Wider Trade union Conference organised by GEFONT, NTUC, DECONT and TUN; Conference was participated by almost all units of labour movement Govt propose ordinance to amend labour law, unions oppose it- employers ask for consensus
Sept 30/Oct 1	Nationwide protest programme to oppose labour ordinance

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## **The Social Charter: A South Asian Trade Union Perspective**

*By Bishnu Rimal*

### **Trade union and social charter**

The concept of 'trade union is one of social partners' has dispelled the traditional notion of 'trade union is the only vehicle to increase wages and facilities, and that is for strikes'. The present day trade union movement has proven that it has two-fold responsibilities. Trade union's primary responsibility is *professional*, which is related to rights and interests concerning job and employment. This 'public image' has already been demonstrated in our case. However, another significant responsibility of trade unions—the social responsibility, which is related to the liberation of the oppressed segment of society—is yet to be established in the countries like ours.

GEFONT views that new and better world based on justice and equality can be built through a strong national trade union movement supported by international solidarity. Such trade unions are the representatives of working masses, and working masses are in the majority in every society. If social responsibility is wiped out from trade union activities, the participation of the majority is denied in state policy making.

### **The South Asian Context**

South Asia has around 10 percent of unionised workers. The denial of basic labour rights, particularly in the informal sector, is a common trend that cuts across all the countries in the region. In addition, a process of informalisation is increasing day by day in the industrial sector.

Globalisation of capital has resulted in a steady increase in unemployment and in a drastic deterioration in the living and working conditions of labour. It has resulted in privatisation, closures and retrenchments of companies, and led to massive job losses.

Sub-contracting of work by companies to small family based and home-based units is also increasing simultaneously with sub-contracting and casualisation of labour. Another impact of globalisation is de-unionisation in work places. The result is the reduction in membership and weakening of the bargaining capacity of trade unions. This process has intensified the exploitation of toiling masses. The rich are becoming richer, and the poor are going poorer.

The central point of the trade union demand today is to put an end to the adverse effects of globalisation, effects such as massive job losses, new job creation in poorly paid informal sectors, restructuring of enterprises to face competition, slowdown in industrial growth, growth mainly in the service sector and growing industrial sickness imposed by the globalising finance capital.

It is not just an accident. Nor can we so easily conclude that this is because of IMF and the World Bank. The two with WTO are the carriers of globalisation. Global competition inherent in the policy and process of globalisation motivates employers to adopt new strategies. Private employers alone cannot be made responsible for this. Government, which is a big employer, is the first to be accused of as it is escaping its social responsibility towards the working masses. In the name of downsizing the work force, this big employer is acting disguisedly to enforce such conditions as early retirement, voluntary retirement, flexibility, mobility, golden hand shake and so on. The pattern of employment is changing rapidly.

By this strategy, employers want to cut down the cost of production. They call for flexible labour arrangements. They resort to lay off, retrenchment, sub-contracting and casualisation, all to reduce costs. They seek to replace or substitute the unskilled workers with skilled hi-tech employees. They adjust their HRD or industrial relations technique to increase labour productivity. The essence of their HRD policy is to minimise permanent employees.

This process of informalisation results in two segments of works in the industrial workforce. In one category will be skilled, technical, professional and non-unionised staff hired through a confidential process. The main consideration in the segment is the loyalty of the workforce. The other is the semi-skilled and unskilled mass of workers. The job for this segment is only casual. Ultimately, the industrial

workforce is marked by a scenario of a large percentage of non-regular work forces and a small percentage of regular work forces.

### **The Nepali Context**

Nepal is a least developed country with 23 million people, 50 percent of them living below the poverty line (although official statistics claim it to be 42 percent). There exists a high disparity in the distribution of income and wealth. The gap is ever widening with the intensification of new economic policies of globalisation. Land is the major form of asset, and agriculture is the major occupation in which some 80.2 percent of labour force is engaged. Majority of peoples, around 88 percent, live in rural areas and most of them are engaged in subsistence farming.

The total size of the labour force is of 11 million and annual growth rate is 2.4 percent. Of the total labour force, women cover 47 percent. But in agriculture, women cover 62 percent of the total labour requirement. However, in formal sectors of work only 4 percent of the total labour force is of women.

In informal sectors, 87 percent labour force is of females and 67 percent is of males.

The unemployment rate is 4.89 percent. But if go through a head count methodology, it stands as high as 15 percent. Underemployment is very severe and is as high 45 percent if total human days are to take into account

The Nepali labour market is largely unfair. Working hours, leaves and benefits vary in different business and government services. There is still prevalence of bonded labour and different patterns of forced labour.

Contract labour is a serious issue in this regard. Gender discrimination is rampant. Violation of labour law and international labour standards is a common phenomenon. The sudden imposition of Essential Services Act aiming to ban worker strikes in 10 different services including hotel, restaurant and catering services is a fresh example of its kind. Social security is almost non-existent in Nepal.

Overall attitudinal change is required in the feudal mentality of employers that treats workers not as partners but as servant. The state machinery is still insensitive to labour issues even though its ILO membership is nearly five decades old. In government bureaucracy,

Labour Ministry is considered as one of the neglected ministry. As a result, the labour administration is too weak to implement laws and regulations in an effective manner. In addition, government machinery is less socially responsive and does not care about developing a sound system of social welfare, protection and social security.

In this context, we feel that the conflict between labour and capital continues to play an essential role for most workers and their unions. However, still there are additional factors and some of them have become more visible and relevant in recent years. For example, there are wide differences between 'North' and 'South', and between rich and poor countries. The issue of gender and the conflict between the formal and informal sector, economy and environment, tradition and modernity are other areas that need sincere attention.

Should we, trade unionists, see the world through the old concept as being divided into workers and capitalists? Or is it to be viewed as a regional division of the world into a privileged "North" and an underprivileged "South". If we go along this division, we will also see division in terms of regional hemispheres. The answer however is crystal clear! We will find the privileged as well as the underprivileged both in the "North" and the "South". Thus the unions under any circumstances should try to represent the underprivileged from any corners of the world, irrespective of the place where they work.

### **South Asia and Social Charter**

The 10th SAARC Summit of July 1998 has developed a Social Charter which focuses on the area of poverty, ill-health, illiteracy, malnutrition, population control, human resources development, empowerment of women, protection of children and proper mobilisation of youth. But it does not include components related to workers. Thus it differs from the European Social Charter, which was designed to establish common standards concerning employment, working conditions and social security of workers of the continent.

The solution presented in the proposed South Asian Social Charter without addressing the working class will not make any sense. The Charter should cover at least the following working class related concerns:



- Establishment of basic labour rights in all South Asian countries in conformity with the 8 ILO Core Conventions including Conventions 102,103,107 and 141
- Formulation of a wage policy establishing national need based minimum wages in each SAARC country
- Formulation of SAARC Trade Union Alliance
- Migrant Workers Rights
- Inclusion of labour charter as one of key activities of SAARC

The South Asian Consultations of trade unions, human right organisations and NGOs developed the following three-fold charter after the establishment of WTO on the issue of Social Clause:

- Human Right Charter
- Labour Charter
- Environment Charter

A policy adopted by 17<sup>th</sup> Congress of ICFIU globalising social justice trade unionism in the 21<sup>st</sup> century has proposed a 6-fold programme:

1. Spreading and Deepening Democracy in the era of Globalisation (including the policy of considering democracy as the yardstick for good governance, finding out common principle in a diverse world and making worker's views heard from the workplace to international platforms)
2. Jobs and Justice in the Global Economy (recognising safety net of social protection as a basic state responsibility, inclusion of core labour standards in the world trade system to achieve genuine development and the inclusion of employment and environment on sustainable development agenda)
3. Human Rights and the World of Work (recognising democracy as the foundation of global economy, opposing no-union policies in EPZS, elimination of child labour and recognition of unity and democracy as a source of union strength)
4. Ending Discrimination at the Workplace (recognising rampant discrimination in workplaces, recognition of gender aware union with women being a vital force for change in unions and inclusion of insecurity-racism and 3-d jobs as union agenda)

5. Organising International Solidarity (engaging with MNCs to generate dialogues and agreements, linking workers in the global production chain, organising the informal sector to include excluded voices and establishing respect for workers in a changing world), and
6. Trade Unions in the 21<sup>st</sup> Century (campaigning for social justice in the globalise world and driving reform with a clear vision and value of the international union work)

The ICF<sup>TU</sup>-APRO has designed the Social Charter for the democratic development of the Asia Pacific countries which emphasises on minimum basic standards and best practice standards, human and trade union rights and social policies. The APRO's 'five essential' areas are:

- essential social security schemes
- essential clause in CBA, which includes unions and agency shop, check-off, compulsory consultation for redundancies and joint consultative systems
- essential provisions in labour legislation
- essential area in social development, which includes compulsory education, eradication of child labour and universal health care
- essential conventions on International Labour Standards

The ICF<sup>TU</sup>-APRO social charter is concerned with how union should work together to promote the recognition and respect for the fundamental rights of workers. Thus it has tried to dig out practical measures for justice at the workplace in the context of global market economy. Simultaneously the Charter has developed a guideline for social dialogue, which covers a number of issues like employment, wages and working condition, vocational training and retraining, industrial relations, OSH and environment, women workers, MNCs and EPZs, migrant workers and social security, among others.

## **Conclusion**

In this age of globalisation, the issue of social protection and social security comes as the core agenda of trade unions both in the developed and underdeveloped world while discussing the Social Charter. The major components of social security system such as old age benefits, unemployment benefits, compensation of workplace injuries, Medicare, sickness benefits, maternity protection, invalidity and family as well as

survivors benefits should not be curtailed. They should rather be expanded to cover the workers of informal and self-employed sectors. It may be a phase-wise exercise in implementation, based on the stage of socio-economic development of the country in question. But these components should be institutionalized.

In this context, GEFONT views that the union activities and priorities in Nepal should be as follows:

- Extension of legal frameworks in favour of working masses, formulation, revision and amendment of labour laws and regulations, and their effective implementation
- Maximum security of jobs, currently under threat from new economic policies, which encourage informalisation and casualisation
- Unionising formal and informal sectors
- Widening the coverage and enforcement of minimum wages
- Promotion of a sound wage structure
- Ensuring fair working conditions
- Minimising unfair labour practices affecting women, children and bonded labour
- Increasing workers' education programmes
- Establishment and extension of a dependable social security system, compatible with Nepal's economy

Regional blocks in various levels have been developed everywhere. But we, South Asian, are far behind in this connection in spite of our commonalties. Trade Union Network is also one-sided. Neither ICFTU based SAARTUC is functioning well, nor is the WFTU SAARC Council of Trade Unions. WCL exercises are naturally unproductive. Effective independent trade union centres are also in the scene, but they operate outside these networks. Recognising all efforts made by either side, it is necessary to form a broad alliance of all South Asian Trade Unions. Focal points of the Alliance should:

- raise issues emerging from the adverse impacts of globalisation, based on practical experiences and not on theoretical assumptions

- try to develop commonality of responses against anti worker moves and activities of MNCs, Big Houses and their joint ventures.
- try to develop issue based and action based unity among existing numerous diversities in South Asian Trade Unions.
- develop a sound system of networking among South Asian Trade Unions.
- take up the issue of Social Charter for South Asian Countries and go on lobbying in the Sub Regional level.
- try to implement officially guaranteed minimum wages to all wage earners irrespective of their nationalities in order to regularise sub-regional labour migration and protect migrant workers' rights.
- try to build a strong social movement in co-operation with other wings of social movements--peasant movements, woman movements, Dalit movements and other forms of human right movements.

In view of poverty and problems of south Asia, the Social Charter should be focused towards the informal sector and towards the establishment of a sound system of social security network covering all workers in formal, informal and self-employed works.

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## Trade Unions and Productivity in Nepal

Trade unions, as a major part of the mainstream of social movement, have to play a vital role in socio-economic development. Because of the fact that trade union movements represent a majority segment of the society, socio-economic development has a very close association with trade union organizations. Therefore, National federations and confederations of trade unions have to work independently or jointly on various issues of social concern. A number of issues at a first glance may not seem related to trade unions, but if we go into depth, the socio-economic issues cannot be dissociated from trade unions. For example, the issue of trafficking of women or of HIV-Aids or the environmental issues do not have any direct resemblance with trade unions and one may feel why a trade unionist should bother about the issues. But these issues, too, have closer links with working masses. Therefore, the issues associated with development strategies and socio-economic development must be taken into high consideration by trade unions. Their role as one of social partners is of high significance.

The major issues of union activities can be basically categorised as the following:

- Extension of legal framework conducive to working masses- formulation, revision and amendment to labour laws. Effective implementation of laws and regulations.
- Intensive efforts to secure job from new economic policies informalising and casualising work.
- Massive unionisation of formal as well as informal sectors of work.
- Widening the coverage and effective enforcement of minimum wages.
- Sound wage structures
- Fair working conditions

- Minimisation of unfair labour practices, particularly in relation to women workers, child workers and bonded labour
- Intensification of workers education programmes
- Efforts to establish and extend a sound social security system compatible with Nepalese economy.

### **Labour management relations: existing situation in Nepal**

A concrete industrial relations policy, supportive of national industries, is an urgent need. Labour management relations cannot always be based on legal tactics; good understanding is a prime factor. Balanced and stand-based industrial relations maintain an adequate distance from both the extremes of 'always conflict' and 'always negotiations'. Maintenance of an industrial relation in harmony with the development of tripartism is desirable in our realities where industrial democracy is not yet developed.

In the Nepalese context, real processes of developing industrial relations started just after the restoration of multiparty parliamentary system in 1990. In the beginning of the 90s, confrontation dominated the scene as there were no suitable labour legislations at that time. In 1992 the Labour Act was enacted and in 1993 the Trade Union Act came into force. Then, gradually, the process of harmonization started. In this connection, the role ILO, FES and organizations like NPEDC also helped develop a situation in which conflicts and confrontations started to transform to tolerance and harmony. But still, most of the employers have been acting in a conservative manner, those who have emerged from a feudalistic culture. They have not been smart enough to catch up with the modern capitalistic and entrepreneurial norms. Therefore, there are problems of sound industrial relations in enterprise levels (and not that much in high levels or national levels). They consider minimum wages fixed by the tripartite minimum wage board as the maximum wage and the implementation of the wages at the workplace level is always difficult whenever the minimum wages are revised. Similarly working conditions are poor; OSH has been denied. Social security and fringe benefits are almost negligible.

With regards to productivity, investment from employers for higher productivity is very little. In order to minimize labour costs, they avoid even the essential costs of on-the-job training and technological adjustment training. They always blame the workers for low productivity and do not care about inefficiencies and unproductive expenditures of the management. Instead, they argue for an absolute hire and fire policy.

All these factors have adversely affected the industrial relations system of our country.

In relation to productivity, employers have tried to link even minimum wages with productivity. But we view minimum wages as payment for eight-hour work; they have no link with productivity. Fair wages and incentives can be linked directly with productivity and efficiency of the workers. Minimum wages are the minimum to live and work if one is engaged in or appointed for an eight-hour work. This is, thus, an important point of debate, because in an unsuccessful effort to link minimum wages with productivity, they have now been trying to argue against the system of fixing minimum wages. Industrial relations have thus also been an obstacle from the point of view of productivity. In recent years, however, gradual improvements are slowly coming up.

### **Productivity movement in Nepal: Role of Social Partners**

In Nepal, the productivity situation is very poor. In agriculture, both land and labour productivity are so low that per hectare yields in major and minor crops have remained almost stagnant at a very low level. In industrial and service sectors, technological ineffectiveness combined with less efficient managerial and labour issues have caused productivity to remain at a considerably low level.

From the very beginning, Nepal has shown keen interests in productivity issues and joined APO in the 60s. Nepal developed the Industrial Service Centre (ISC) and Economic Services Centre (ESEC) for productivity promotion. But general awareness on productivity could not become widespread. Only after 1993, the Nepali government formed the National Productivity Council and started efforts to make productivity a national agenda and the National Productivity and Economic Development Center came into existence as the secretariat of National Productivity Council. Now, the activities for productivity improvements have been intensified and a separate productivity policy has also been formed.

If we view the role of the government and the employers and trade unions in the productivity movement, the major responsibility rests on the government and on employers, who reap profits. The government with its National Productivity Council's Policy 1996 has initiated the following activities:

- Productivity awareness programs
- Consultancy services
- Productivity award
- Researches and strategic plans
- Seminars and interaction programs on productivity related issues

As a giant employer, the government has a crucial role to drive the productivity movement by pulling employers to support it. The activities of the employers are not that appreciable although FNCCI has recently been activated to productivity concerns.

Generally, trade unions do not take much care about productivity. Workers' understanding of the concept of productivity and its significance is also very limited in countries like ours. Since incentives are very little to the workers from the side of government and employers and wages are not tied up with inflation, the workers should always struggle with the hand-to-mouth problem. The social security system is very limited and fringe benefits are almost non-existent. The evaluation of efficiency in terms of money and real terms has not been systematic enough to provide incentives to the workers. Through the workers education program and skills and technological training, GEFONT has always promoted the productivity movement among the working masses.

### **Conclusion**

In conclusion, the following should be done in relation to the productivity drive in Nepal:

- a. Attitudinal change of employers
- b. Skill-oriented and technological adjustment training
- c. intensification of workers' education program
- d. Sound minimum wages and social security network
- e. Transparent system of productivity and benefit sharing
- f. Productivity awareness as well as rewarding system

*(Multi-country Study Mission on Trade Union Leaders in Productivity Improvement  
Organised by Asian Productivity Organization,  
2-6 October 2000, Singapore, prepared by Umesb Upadhyaya)*



## Restructuring Enterprises and Workforce in Nepal

### Background

The New policies of liberalisation entered Nepal in mid-eighties. Then, in the form of the Structural Adjustment programmes, the process of restructuring Nepalese economy started. The initiative became intensified with the time and covered other sectors of the economy. After 1990, with the establishment of the multiparty system, the process of liberalisation took a high momentum. Gradually, privatisation of state-owned enterprises was given a top priority. Emphasis was laid on how to attract foreign direct investments. For this purpose, necessary amendments were made to industrial policy and industrial and commercial laws. The old labour law, the Nepal Factory and Factory Workers Act, was replaced by a new Labour Act 1992. Also the Trade Union Act 1993 was introduced. Other complementary labour laws were also brought in. Industrial relations gradually moved from confrontational to co-operational tracks.

However, there are problems, emanating largely from the feudal mentality of employers who are mainly from the landlord class. In recent years, efforts have been made towards improvements in the situation. The government and employers have recognised the workers organisations as social partners at least in national policy levels. But to translate this recognition at enterprises levels still remains a major problem.

At the national level, policy contributions of workers organisations have increased significantly. The government has been positive to consult in various matters with workers organisations as it does with the employers' ones. However, the interests of workers have not been accounted for. For example, the government did not consult the workers organisations while making decisions to privatise public enterprises. As a result, the privatisation of state owned enterprises could not become fruitful to the nation.

With the increasing speed of globalisation, multinational companies have also entered Nepal. But the country's industrialisation has not gained a momentum. The industrial employment, basically the employment in manufacturing, has not increased. As Nepal is primarily an agricultural country having 81 percent of the total labour force of the country in employment, manufacturing covers only 2.72 percent of the labour force and the rest of the workforce is employed by the fast growing service sector.

The process of enterprises restructuring is also very slow. Newly established enterprises do not need immediate restructuring, whereas the old ones are not much dynamic because of the slow move of the industrial sector.

### **Restructuring through privatisation**

In the process of privatisation of state owned enterprises, 16 enterprises have been privatised. In this regard, it is to be noted that the role and share of public enterprises in Nepalese economy is not much significant. The share of employment is equivalent to 3 percent of the total formal sector employment, which is negligible in the total employment scenario. On the other hand, the share of PEs in GDP is also negligible, less than 2 percent.

However, the publicity of the privatisation of PEs has become very high. The PEs have actually become burden to the country and the tax payers because of corruption and financial irregularities in bureaucracy and contemporary politics. Mismanagement and overstaffing have destroyed the potentialities of these enterprises. If the PEs are honestly put under the process of managerial reforms and their performances modernised, their profit potentiality is still very high.

Government tried to sell and escape from these PEs especially from 1990, but the modalities selected was not sound and the process of consultation and good homework beforehand was not carried on. As a result important and productive PEs came to a surprising closedown after their privatisation. The Bansbari Leather and Shoes Factory (BLSF) is a painful example of its kind. The Group which acquired BLSF in the process of privatisation was not intending to operate this factory. They were rather guided by a trade off motif. So they moved the plant away from the capital city to a border area near India and gradually sold all modern machineries and equipments in the Indian market. They

retrenched all workers in an unfair way. Now the factory, constructed by a friendly nation, exists only in its name.

Similar is the case of Agricultural Tools Factory. It was also privatised and the Group which owned it was also trying to sell it for a higher price. The Group could not operate and the factory is not running at present; it is in a almost closed-down status.

The privatisation of Nepal Dhalaut Company also was a case of failure. The company collapsed and workers became totally unemployed.

Among two jute mills privatised, one is successfully restructured by a big business house, whereas another, the Raghupati Jute Mill, is almost closed.

Most of the 16 privatised PEs could not gain any new horizon and they could not restructure themselves effectively. Some have collapsed and many are in operation without any considerable changes in efficiency and productivity. A few, such as the Bhrikuti Paper and Pulps Factory, have been restructured without any considerable pay-off.

In conclusion, the restructuring of public enterprises through privatisation have become a failure in Nepal. Altogether 19.2 percent of workers lost their employment in this process, but no efforts to retraining and reemployment have been launched up to now. If we add the number of workers from the already collapsed enterprises, the percentage of workers losing their job comes to be 50 percent.

On the other hand, there are certain PEs in want of restructuring. Hetaunda Cotton Mills immediately needs restructuring. It has high potential in textile production because of its capital structure and modern machinery. But it is in a poor situation in operational terms.

### **The Private Sector**

In the private sector, the process of restructuring and modernising enterprises has been quite important. Gradually the role of the private sector is being significant in Nepalese economy. The old Jute Industry needs restructuring and modernisation of plants with added efficiency. Similarly the traditional textile industry has lost its previous competitive position. Textile mills are declining fast with their employment potentials gradually weakening.

The carpet industry is also under restructuring. But the process of restructuring has taken the form of subcontracting of work and subcontracting of labour. Subcontracting of work has led to the distribution of carpet weaving to several family-based home-based cottage industries by large and medium size enterprises. In this process, they have cut the number of workers with the number of permanent workers significantly coming down. Thus the informalisation and casualisation of work in the carpet sector is rapid. Use of contract labour is very high in the industry. Piece rate wages are the major, and dominating, form of payment in this industry.

If we look at the garment sector, sub contracting of work and cutting down the number of permanent workers is slowly going on, not as fast as the one in the carpet sector. Piece rate wages are the mostly used mode of payment in the garment sector, as in the carpet sector.

In the manufacturing and general industrial sector, the process of restructuring is not that visible so far.

### **Retraining and reemployment of workers**

Retraining and reemployment programmes and activities are almost non-existent in Nepal. Neither the government nor any other agencies have taken any initiatives in this regard. It could be because of the fact that open unemployment has not yet emerged as a serious problem. Although the rate of unemployment is at 4.89 percent, underemployment is serious and it is at 47 percent. Since a vast majority of the workers are engaged in agriculture and particularly on land, the problem of unemployment basically transforms to underemployment. Up to now, the problem of open unemployment and underemployment is thought to be solved through the extension of self-employment activities. For the purpose, a National Training Policy is being formulated in order to integrate training in order to help the concerned operate relevant and effective income generation schemes. Retraining and reemployment may be the next part of work in our realities.

### **Workforce reductions and labour-management relations**

Workforce reductions are not in a mass scale in Nepal, as industrial employment is very limited. But small reductions, not mentionable in a broader perspective, have also an important impact in the case of individual enterprises. Certainly such slow reductions have created problems at the enterprise level. In the national policy level, there are not

bitter impacts on industrial relations, but labour-management relations at the grassroots are under a heavy pressure. The problem of job security and employment security is intense, a fact that has made trade union confederations quite alert. Cases filed in the labour court are mainly about illegal dismissals.

To conclude, it can be said that the extension of self employment opportunities through effective and relevant training, fast increase of wage employments by expanding the service sector and retraining facilities are extremely necessary. Similarly, regular consultations between workers and managements at enterprise levels and the practice of industry level bargaining will be very useful. Effective use of tripartism and tripartite forums is equally important in the realities of Nepal.

*(Labour Management Cooperation: Enterprise Restructuring and Workforce Reductions Organised by APO on 18-22 October 1999, in Tokyo, Japan prepared by Umesh Upadhyaya)*

## Role of Workers in Labour Dispute Settlements

The disputes between workers and managements are considered as labour disputes. However, the disputes among workers, investors - managers- employers are also taken as labour disputes in some circumstance. Thus, some countries have broadened the circumference of labour disputes whereas some have narrowed it. Labour dispute isn't defined in labour laws of our country, but clear indication is towards the dispute between employers and employees.

Labour disputes emerge because of disharmony in interest between two sides of labour relations. Sometimes labour legislation and rules and regulations of government under the legislation create confusion and hence disputes come on the surface. Disputes are also caused by third party intervention. If the government cannot not balance itself in terms of equidistance and fail to distance from vested interests, labour disputes might arise. Inter-enterprise understanding and good bipartite relation is the key point to the settlement of labour disputes.

Trade union can't be separated from workers in connection with labour relations. As trade unions represent the workers, their role is always decisive and effective. For the settlement of labour disputes, trade unions from enterprise levels to the level of confederation have a crucial role to play.

Workers and trade unions have direct as well as indirect concern and participation in the process of emergence and settlement of labour disputes. In a number of cases, it seems that disputes are created by workers but while looking in depth, the causal factor could be the behaviour of the management. Normally trade unions are accused of creating labour disputes, but facts do not justify the accusation. With the establishment of the organized industries in 1936, industrial labour forces started to emerge. Up to 1951, a number of labour unrests occurred even in the absence of trade unions. In between 1951 and 1960, no considerable industrial unrest was recorded in the history because

there were no legal barriers in trade union activities. But afterwards, trade unions were legally banned, especially with the introduction of the autocratic Panchayat system. However, after the student movement of 1979, which had a backing by political forces, trade unions started to grow underground. During 1980-90, labour disputes were considerably high under the leadership of underground trade unions. The two year period after the establishment of multiparty system in 1990 saw the highest number of labour disputes, most of them associated with the existence of trade unions. The Labour Act 1992 was enacted which provided a way out and processes for labour dispute settlements. The trade Union Act 1993 provided the right to trade union registration. With the introduction of these legal frameworks, the number of labour disputes diminished to a lower level.

After the legal acceptance of the existence of trade unions, negotiations through bipartite talks or under labour office have been successful in more than 80 percent of enterprises, where charter of demands were tabled. Forcible means like strikes have been observed only in less than 20 percent of enterprises. Wild cat strikes are frequent only in the enterprises under government ownership. All these facts indicate that trade unions have been active as organizations essential for labour disputes settlement effectively instead of being a causal factor to create unrest.

Under this background, we can enlist the role of trade unions or workers in labour dispute settlement as follows:

1. Prevention is better than cure. Workers should perform their duties and responsibilities honestly. If they are conscious of their duties and assignments to be completed within the fixed time, naturally the number of labour disputes caused by the behaviour of workers will become less and less.
2. If any disputes emerge, efforts should be directed to have negotiated settlements through talks rather than to aggravate the debate. But it doesn't mean that the workers should tolerate unfair practices.
3. If tri-partite talks could not be organized at once, legal and peaceful solutions should be adopted to the extent possible

4. Participation in bipartite or tripartite talks has to be carried without any prejudices and efforts should be concentrated to settle disputes positively.

In connection with labour disputes settlement, workers have been more liberal than the management in the present context of Nepal. Various negotiations, agreements and court decisions have not been implemented by the management thereby being the cause for labour disputes. Still democratic norms are not practiced by managers/employers. Misbehaviour and dishonesty in the implementation of agreements are a commonplace. Still the managers have not internalised the fact that labour management relation do not always rest on legal tactics and that good understanding is a key factor settle disputes. In July 1997, the tripartite wage board reached a consensus to increase Rs. 30 in monthly salary and Rs. 50 in daily allowances for every worker. But FNCCI instructed its members to act only according to the Gazette Notice, creating disputes and confusions.

Trade unions should be seen as the bridge between workers and management and as an institution that partakes in labour disputes settlement by peaceful means.

*(Presented in a Conference of South Asian Labour Court Judges organised by ILO in 3-7 Nov 1997, Kathmandu prepared by Umesh Upadhyaya and Ramesh Badal)*



# **Collective Bargaining as a Means of Cooperation: Case of Nepal**

## **1. Background**

The significance of collective bargaining as a means to develop sound industrial relations and cooperation cannot be overlooked. However, in practice, its role may differ because of the nature of economy, work culture, bargaining strength of the partners and various institutional as well as socio-economic factors.

As far as Nepal is concerned, the country is primarily agricultural, dominated by a self-employment status. Agriculture takes a traditional form and technology and organized modern farms and plantations are not yet developed. The industrial sector, especially the formal organized sector, is very small from the viewpoint of its GDP contribution and the level of employment. But the impact of new economic policies enters first in the industrial and organized sector. This is therefore the first sector to also receive adversities. It is through cooperation and sound industrial relations in the organized industrial sector that a productive system could be developed. The coverage of collective bargaining has to be extended to include the informal sectors as well. With the worldwide expansion of liberalization policies, the government of Nepal's limited social expenditure is in danger of further reduction. A social security system and network is almost non-existent. Therefore, strengthening unionism and gaining a strong collective bargaining position is desirable not only from the perspective of economic development, but also from the viewpoint of social balance and social justice. The government should follow a labour welfare and social welfare approach.

## **2. Provisions of the labour laws**

The Labour Act 1992 made a number of provisions in order to systematize the procedure of collective bargaining. As per this act, authentic trade unions can directly present the charter of demands or

that can be done by the signature of the majority of the workers working in the enterprise. Authentic trade unions, that is, the collective bargaining agents in accordance with our Trade Union Act 1992, are to be elected at an interval of every two years by the majority of the workers in an enterprise. There may be 4 unions, to the maximum, at a time in an enterprise. Twenty five percent of the total workers can register enterprise level union.

When CBA tables the charter of demands, the management should invite them for talks. The resultant negotiation or agreement will be valid for two years. But if, within 21 days, table-talks could not be arranged or the talks failed to reach an agreement, the case should go to the labour office. Even when the case is in the labour office, the two partners--labour and management—can try a negotiated solution which the government should recognize unconditionally. On the other hand, when the case enters labour office and the tripartite talks fail to yield any results, workers are free to give an ultimatum of strike through a secret ballot decision of 60 percent of the workers. During lockout and strike also bipartite negotiations are possible. The labour administration of the government is, by law, obliged to recognize and accept the agreement unconditionally.

### **3. Practices**

Modern industrial activities had started in Nepal just after the great depression of 1929. Prior to the world war second, a number of industries had come into existence. But collective bargaining practices started only from 1947, when workers started to unionize themselves and, in the effort, the historical first strike appeared in our industrial scenario. The laws to regulate labour and trade union aspects were non-existent at that time. Up to 1959, collective bargaining practices were not within the legal framework and were conducted under the pressure of practical difficulties. In 1959, The Factory and Factory Workers Act came into existence and efforts to develop a system were initiated. However, the democratic multiparty system was put to an end in 1960 and, with the ban on political parties; even the trade unions were banned. The following three decades saw scattered union activities carried out underground. In 1989, GEFONT was established as the national confederation of trade unions with its underground operation. In 1990, workers took part in the democracy movement against autocratic and dictatorial system. Following the restoration of democracy, the labour sector got the Labour Act 1992 and the Trade Union Act 1992. These

labour laws started to systematize collective bargaining and establish an environment where a sound industrial relation could exist in the country.

The present collective bargaining practices are strictly limited to the enterprise level. Industry level bargaining systems are not developed within our legal framework. Therefore, in collective bargaining procedures, enterprise level unions do have the role, whereas their national federations do not have it.

Secondly, the formal sector is very small in our country. A vast majority of workers is in informal sectors, mainly in the agricultural sector. The workforce engaged in formal sectors is between 7 and 10 percent of the total workforce. Only 21 percent of the workforce is in wage employment and the rest 79 percent is self-employed. The present coverage of the labour laws is very limited in extent. Hence, the collective bargaining procedures and practices also cover a small portion of the workforce making it common to hold individual bargaining outside legal scrutiny.

Thirdly, with the entrenchment of globalization and new liberalisation policies, a process of the informalisation of the formal sector is taking place in Nepal. Sub-contraction of work by big enterprises outside their boundary is being evident. Similarly the sub-contracting of labour has increased. So is the scenario of the number of home-based workers. The masses are being thrown outside the social security network. This tendency is clearly visible in the carpet industry. Therefore, the establishment of the industry level bargaining system involving the concerned national federations has become an urgent need today.

#### **4. Possibilities**

While observing the scenario objectively, two types of factors are seen on the –move. On the one hand, many employers are guided by a feudal mentality. They do not have a dynamic entrepreneurial culture; the respect for and dignity of labour is not given any importance. On the other, due mainly to liberalization policies adopted under the conditionalities of IMF\WB without adequately considering our national realities, employers have focused their whole attention to curtail labour costs in order to gain high competitiveness. Changes in terms and modes of employment have widened the practice of sub-contraction and casualisation, hence increasing uncertainty and insecurity of employment. Instead of making corrections in external and internal economies and

diseconomies, and in managerial efficiency, they are on the move to informalise the formal sector so as to minimize their labour costs. Similarly, government expenditure on social welfare and social security is negligible. As a result, the working population is subjected to more and more hardships. *It will* certainly have a negative impact on cooperation between labour and management and hamper the effectiveness of collective bargaining.

Looking from the other angle, positive aspects are also on the move. Effective pro-worker unionism is being developed and radical political unionism is in the decline. Unionization is gaining a considerable speed, even in unorganized sectors including agriculture. Despite scattered efforts at dehumanization, the process of strengthening unionism is seen as a major trend in our national scenario. Workers' education programs (WEP) are becoming more extensive, though the contribution for WEP from employers and the government is almost zero. The process of revision and amendment of existing labour laws and the formulation of new laws is satisfactory. The employers' mentality is in a transition from feudal to a dynamic entrepreneurial culture. Involvement of trade unions in policy matters, even in national perspectives, is increasing and we are recognized and accepted as social partners.

The amendment to law in favour of the industry level bargaining system is our priority now. We hope it will have a long-term impact in creating an environment for sound industrial relations and cooperation. With the massive unionization of informal sectors, the collective bargaining system can be extended to informal sectors to cover the vast agricultural workforce.

*(Paper presented in the programme organised by Asian Productivity Organisation; prepared by Umesh Upadhyaya, 1997)*

## The Role of Trade Union in Nepal in the 21st Century

*By Bishnu Rimal*

### 1. Trade Union movement of Nepal: Present position

Nepal's trade union movements cannot be compared with the trade union movements of advanced nations. Our movement is in the young stage in terms of size, period and industrialization. Though started from 1947, the Nepalese working class was prohibited to form trade union organizations during the thirty years of party less autocracy. This movement has reached the present stage by a zigzag path, crossing a considerable part of suppression while making a few achievements.

There are almost two million agricultural labourers scattered all over the nation. "Kamaiyas", "Halis", "Gothalas", "Khetalas" (bonded workers, tillers, cattle herders, daily wage-farm-workers) and plantations workers as well as agro-farm workers are facing various problems of diverse nature. Comparatively workers in tea plantations, sugarcane plantations and agro-farms are organized. Although they feel some sort of certainty in their employment, they are suffering from the absence of adequate labour laws. Those working outside plantation and agro-farms are totally unorganized. Kamaiyas, the bonded agricultural labourers, are leading their lives as slaves even today.

Contemporary agricultural issues centres around unionisation of rural agro-workers, fixation of minimum wages and wage discrimination between male and female. Liberation from the bonded condition is the main issue in the content of Kamaiyas. The Kamaiyas, concentrated in the five far western districts, have to be brought within the labour market and be given their tenancy right to the land which they have cultivated for years. Union work has started amongst limited number of agro-farm workers and tea plantation workers. So the unionization of other scattered agricultural labourers, awareness building for minimum wages and collective bargaining are the major agenda at present.

Just after the enactment of Trade Union Act 1992 and Trade Union Regulation 1993, registration of trade unions, national federations and

confederations has started. (As reported by the Office of the Registrar, the status of the registered trade unions is given in Table No.1)

As per the latest information, recognized confederations are GEFONT and NTUC. NTUF and ANTUC are also in existence though not yet registered. In terms of international affiliation, GEFONT is non-affiliated and independent, whereas NTUC and NTUF are affiliated with ICFTU and WFTU respectively.

The labour sector is totally neglected in Nepal. Labour administration is incapable and weak in the enforcement of law, in monitoring, in dispute settlements, in implementation collective bargaining agreements and in updating labour statistics. For example, the provision of issuing an appointment letter in accordance with the Labour Act 1992 is not implemented for all workers. Even in PEs workers are not awarded a permanent certificate despite crossing 240 working days. A labour court has been established, but judges have not been appointed for long time. There is no reliable statistics in labour administration of the total membership of unions and their affiliations. The labour sector is still a victim of unequal wages. There is a tendency of providing wages less than the fixed minimum wage and wage discriminations exist between male and female in agriculture, plantation and other industries as well as service sectors. In various areas, particularly in rural areas, women are given half or 3/4th of wages given to males. Similarly, women are given half that of men where food payment is provided; in some places wages are given in kind and not in cash.

The system of minimum wage in service and industrial sectors is not scientific. A minimum wage is that level of wage below which an earner cannot survive. The minimum wage is fixed on the basis of various factors interacting in the market. However, the determination of minimum wages in Nepal is dependent on government attitude and on the bargain between the demand of workers and on the will of the employers. Furthermore, workers in agricultural farms and plantation are getting even less wages than the fixed minimum in other sectors (See Table 2).

After the establishment of the multi-party system, there have been four governments of diverse natures. But the national planners never made attempts to formulate a "National Labour Policy". Our labour sector remained a "travellers without destination" and ad-hocism never came to

an end. The absence of a concrete labour policy is the major causal factor responsible for drawbacks in addressing minimum wages, unemployment, poverty alleviation, commercialization of agriculture, production of skilled manpower and technical-vocational training. However, all these topics were accepted by all the governments as the crucial ones.

Recently, in July 1996, agricultural workers in *Dhanusha* of eastern Terai started a movement with a demand for higher wages. Their demand was in kind and they wanted 6 kg of paddy and lunch per working day. To evaluate it in monetary terms, the wage doesn't exceed Rs 36. They took a stand that they would not work without their demand being fulfilled. Surprisingly, an all-party meeting that included the participation of major national parties concluded that the demand was not genuine. The leaders of the movement were threatened of legal action under the infamous Public Offence Act.

## **2. Issues of the Trade Union movement of Nepal**

We are entering the 21st century with above mentioned national realities. Facts warn that we will not be able to face challenges without genuine reforms and changes in present conditions. To address the challenges, following issues have to be raised by our trade union movement.

### **2.1 Adequate revision and modification in existing labour laws**

Existing labour laws refer to the Labour Act 1992, the Trade Union Act 1993, the Transportation Act 1993, the Children's Act 1993, the Working Journalists Act 1995, the Labour Court Regulation 1996, a Bonus Act and Industrial Trainee's Training Act.

Serious efforts are essential in order to revise these existing labour laws in accordance with the existing condition. There is a need to establish appropriate norms and values in the labour sector. Concentration should be on the formulation, development and extensions of labour laws in a simple, appropriate and comprehensive manner mainly for dynamic labour relations and industrialization. A policy for labour laws has to be undertaken based on the following principles:

- Establishing balanced and equitable bargaining positions for the workers suffering from social imbalances caused by inherent weak social status including social economic, political, educational factors.

- Provision of selecting representative trade union at the central level based on multi-unionism.
- A fair and appropriate wage policy and a permanent wage board establishing a fair wage system for the entire work-force.
- Compulsory provisions for scientific management based on skills and expertise.
- Removal of unnecessary and illusory provisions and confusions from the legal system.
- Elimination of unnecessary restrictions imposed on workers and the creation of an agency for the implementation of collective agreements.
- Formulation of an industrial 'Trainee's Training Act' to develop skilled industrial manpower and its immediate implementation.

## 2.2 Industrial revolution and economic liberalization

Excluding the *Rana* rule and the autocratic *Panchayat* era, half a decade has gone after the establishment of the multiparty system. The term 'industrial revolution' is understood as a process of rapid industrialization of Europe after the invention of steam engine in the 18th century. But in our context, it should be taken relatively to express our urgent need of rapid industrialization.

In the past half a decade, after the vital political change brought about by the mass-movement of 1990, nothing has changed significantly in the industrial sector. A major causal factor in this respect is the continuous neglect of the importance of the role of working class in the process of rapid industrialization. As experiences indicate, Japan's process of economic growth is the outcome of the maximum utilization of manpower and labour-force. So is the Chinese scenario. In our case, however, no strategic initiative has so far been taken for the identification of a suitable industrial base and the prioritization of national industries.

The twin outstanding tasks are thus the identification of national industry that fits our realities and channelling of all efforts and resources towards the identified industry respecting the vital role of manpower and labour force in industrialization. The government policy of preferring commercial enterprises to industrial enterprises should change; there should be balanced coordination between the commercial policy and the industrial policy for the industrialisation in the country.



In the absence of strategic identification of national industry, our export trade could not be based on a solid foundation. Initially, it was based on agro-products and raw materials but later it became leather-dominated. It then depended on carpet and garments. Now, the situation has changed and it is clear that carpet and garment can no longer remain major items of our export. It is being imperative in our part to identify and select stable and dependable industrial base for the industrialization and export in the agricultural sector as our economy is primarily agricultural. So the priority should be given to the industries based on agro-products, forest-products and available natural resources.

Considerable influence of the character of capital can't be denied when industrialization is looked at in combination with long-term national interest. There are debates and differences on the character of existing capital in Nepal. The tendency of deriving conclusion about the character by classifying into small, middle and giant capitalists may hinder the development of national economy. It is often found that this type of classification has given inducement even to the small capitalists who are working against national interest and harassment to the giant ones who are positive about the development of national economy. It can not be logical to conclude that small capitalists should always be supported and large ones opposed by our movement.

We feel that classifying the capital into 'supportive of national economy' and 'supportive of foreign dependent economy' requires accurate analysis on the use of labour, nature of raw materials, technology and the market. In short, it will be very clear if we describe the existence of 'native' and 'foreign' capital in our country. Operating 'closed economy' by negating foreign capital is neither possible nor logical; foreign capital is to be invited and utilized. But the activities and policy governing foreign capital should be carefully monitored to make sure that they support the nation's need.

The explanation of the character of the capital and determination of the degree of the response of the trade union movement is not sufficient in a frequently changing world. The outlook, interpretation and analysis may not be practicable without the proper analysis of the present scenario of economic liberalization, SAPs and the newly established World Trade Organization under GATT. It is experienced that the first and second phase of liberalization and SAP has made rich sections of the society richer. But the conditions of working population have further

deteriorated. The interpretation that 'short period might be difficult but in the long run everything will be okay' has been proved wrong by evidences. In the process of market, trade and investment liberalization, efforts have been made to chase out unions from the labour market and the fundamental human rights of workers have been denied and violated.

Experiences of several countries show that they are terribly indebted and the social-welfare schemes and projects have been heavily curtailed because of debt-servicing. As a result, the standard of the working population is sloping downward steeply. Not only unemployment and insecurity of employment, the decline in real wages has also become chronic. Casualisation of labour and retrenchment have become common.

Facts have proved that silent acceptance of liberalization and SAPs will be absolutely wrong. It is generally accepted that economic liberalization and SAPs have been highly successful in Asian countries including South Korea, Taiwan and Singapore. But a study of World Bank in these countries revealed the fact that government interventions had played the dominant role in achieving high growth with equity and that the government subsidies to the export oriented industries had been surprisingly large.

Successful liberalization is not possible in any country which denies government interventions. This international experience and our own experience from 1985 clearly indicates that the trade union movement can only accept "Selective liberalization - selective privatization" when there is a guarantee of the full protection of workers' interests.

### **2.3 Elimination of child labour**

Child labour is considered as a cheap and easily available source of labour supply in the labour market. As it is risk free with regards to collective bargaining and so on, employers have given promotions to the supply of child labour in different sectors of production and services. Legally child labour is prohibited in our country, yet it is quite clear that children are working in different sectors from hazardous jobs in factories, mines, construction and transport to the jobs in agriculture, plantation, hotels/restaurants, tea-shops and home services. It can be strongly argued that the rate of adult unemployment is increasing due mainly to the use of child labour.

In fact, child labour is the reflection of existing acute poverty and exploitative socio-economic relations in the country. The existing social system based on inequalities has further aggravated the close association among poverty-illiteracy-unemployment and child labour.

A number of provisions like the restrictions on employing children under 14 years of age, prohibition on the trafficking in children for occupational and sexual exploitation, prohibition on kidnapping and keeping under slavery and prohibition on using children in risky and hazardous jobs have been included in our constitution, laws, rules and regulations. But obviously, child labour can't be stopped at once. To view that child labour would take a very long time to eradicate and to boycott all the third world export items as their production uses child labour are two extremis viewpoints. We feel that child labour should be gradually and progressively eliminated. Doing so should involve following strategies:

- Preventive strategy: education, literacy and awareness campaigns as well as the extension of income generating and productive activities.
- Functional strategy: rescue of children at risk, welfare programmers for working children and planned and phase-wise effort for child labour elimination from hazardous to the light works.
- Rehabilitative strategy: liberating children from loans and bonded conditions, medical rehabilitation for sick and helpless child labourers, and operation of temporary relief centres.

As in the past, the national centres of trade unions will take up necessary efforts to pressure and/or persuade the concerned institutions towards the gradual eradication of child labour.

## **2.4 Women workers and gender discrimination**

It is well known that the condition of female workers is miserable in Nepal. Because of the existing social system, woman workers have also been victimized by social discriminations imposed right from their birth.

National trade union movements have always raised voices for equal opportunity for education, capacity development and promotion, equal remuneration and against sexual harassment and rapes, night-shift work. Similarly, provisions for maternity leave, mother-child welfare, baby-care

centre and workplace conditions are other major issues taken up vis-à-vis working women.

In fact, the problems of Nepali women workers include both types of issues. Our labour policies have to emphasize the issue of 'equal remuneration' for women workers. Both types of thinking - one, humiliating tendency and the other, over emphasis on protection are the outcome of the assumption that women are comparatively inferior in every field. We feel an urgent need to wash this social outlook off. 'Equal wage for similar jobs' has to be associated with the efforts to increase productivity and efficiency of the women workers. Absolute equality has to be made common in minimum wages on the basis of working hours. Fair wages and incentive earnings have to be based on their productivity and efficiency. For this, technical and skill-development training has to be provided without discrimination so that they could get equal opportunity with high competitiveness in all types of works.

## **2.5 Foreign employment and migrant workers**

We have a long tradition of joining foreign military services by young men belonging to certain ethnic groups. The lack of employment options in the country is an attraction towards foreign employment. It is well known that Nepalese workers have a long tradition to go to India for different works ranging from gate-men to home servants. From the last decade the outflow of the Nepali workers has started towards East Asia, the Middle East, Germany and Australia.

Together with foreign employment the trafficking in Nepalese girls, mainly towards India for the purpose of prostitution, has terribly increased. For its absolute control, highly effective measures are urgently needed and we will participate actively in the programmes jointly launched in collaboration with social organizations and others which have been working against. Similarly, displacement of local labour within our national boundaries is taking place mainly because of free entrance and penetration of foreign labour. We are in the conclusion that displacement of native labour force by foreign labour-force in our employment opportunities is always against national interest and self-dependence.

## **2.6 Self employed masses**

Self employed masses are engaged in works of varying nature ranging from carpentry to handicrafts and from boot-polishing to foot-path

selling. All these works can be covered by the trade union movement. However, craft unionism is depreciating day by day and industrial unionism has become world-wide. It is really fruitful to utilize the role of craft-unionism for wide coverage and strengthening of trade union movement in socio-economically backward countries like ours. So it is essential to organize these self employed 'employers cum workers' in accordance with their craft and nature of the service they provide. We have thought of working for the protection of their interest, for the improvement of the quality of their products and services, and for the development of their skills and training and mainly for the upliftment of the living standards. For this, the government should adopt a policy of physical and financial investment.

### **2.7 Workers' participation in management**

Two aspects of an enterprise are ownership and control. Control refers to management. Ownership and control used to be inseparable in early days. Today, they have come into two distinct areas. Shareholders of a company these days are just the owners and do not exercise or have no control over the processes of management or decisions of the company. A distinct class has evolved which controls and manages, although the managers concentrate themselves on the interest of the ownership. In these circumstances, the question is whether the labourers can become owners or not, whether they should participate in management and control or decision making processes.

There is a concept of the 'employee stock ownership plan' propounded by Louis Kelso who is of the opinion that workers are natural shareholders, not natural managers. This plan of collective ownership of workers' trust by purchasing the shares of the enterprise through loans from banks and financial institutions has gained popularity in USA. Under this ESOP, workers do not have any role in management or in the system of control. On the contrary successful workers' cooperatives in many countries have also proved that workers can play active role in management as well as ownership.

The thought that participation of workers in management is inevitable in the process of decision making for the smooth functioning of industrial democracy has gained much strength because of the realization that labour is not only the factor of production but also a sensitive human element. In our context, we feel that the demand for participation in management should be raised in order to bring about transparency in

managerial activities, and to strengthen the psychology of labourers as labour-investors of an equal status. Participation will produce positive results in connection with productivity and distribution of bonus. To sum up, the issue of workers' participation in management has to be raised in resemblance to the promotion of industrial democracy.

## **2.8 Workers' cooperatives**

The concept of workers' cooperatives was first generated in 1844 by unemployed young men in England. As the time passed, the use of cooperatives proceeded on to fulfil diverse objectives. Somewhere 'cooperatives' is taken as a collective company. In contrast, the role of social responsibility of cooperatives has been neglected in other places. Similarly, cooperatives with more emphasis on social cause and labour investment, rather than the number of shares, are also in operation.

While looking at them, we can find cooperatives of three distinct characters - government controlled, operated for the benefit of certain concerned individuals and lastly cooperatives dedicated to workers' interest. Even among the cooperatives managed by labourers one category is sick or closure-approaching enterprises overtaken by the workers and the other is originally established workers' cooperatives.

We have felt it suitable to carry on the cooperatives campaign on the basis of the worldwide flow of capital and the displaced working-community. We would like to advocate the policy of operating cooperatives by trade unions in favour and protection of labourers victimized by retrenchment and displacement and for those forcefully ousted from their job. The policy of giving initiatives to enterprise-level trade unions and national federations in order to establish workers' cooperatives and of mobilizing resources for the purpose is being essential at present.

## **2.9 Workers' education and training**

No one can neglect the significance of trade union education, workers' education and training in countries like ours where trade union movement is recently developing. National level seminars and short-term training programmes have, often been conducted by national and international institutions including ILO and the leaders and workers from national federations of different confederations have been actively participating in the programmes. Similarly they have represented and

participated in such programmes also outside the country because of their own international linkages.

The opportunity of participation in long-period training abroad has also been provided and some friends have gained good knowledge and expertise in some of the aspects of trade union movement. But no responsible trade union can regard it as sufficient and neglect the urgent need of education and training for the working masses. Naturally, we have been induced mentally and technically by such programmes to expand the programmes of trade union education, workers' education and training in a wide coverage for the working class. It falls under our responsibility to equip the working class with systematic information and knowledge of contemporary situations.

So we should give the details of changing policies in the world, positive and negative consequences, serious impacts on our working community and measures for the protection of interest through conscious efforts. The concept of mobile trade union school will, we believe, have tremendous impact on workers' consciousness and will give new heights and dimensions to the pro-worker trade union movement.

Through 'Basic Course' and 'Special Courses', at National, District and Enterprise level, on labour law, tactics and processes of collective bargaining, working conditions, health hazards and on safety measures, workers' education have to be expanded to skill-training, on the job training, training to adjust workers with technological changes, vocational training and training for the development of self employment opportunities. It will enhance vertical as well as horizontal mobility.

Thus our role on education and training will cover both pressurizing and creative roles. We will work effectively not only in the programmes of our own and of collaborations with others, but also for the programmes being conducted by government and employers as a result of our pressures.

## **2.10 Massive unionisation**

It is already mentioned above that Nepalese trade union movement has not yet organized the vast majority of agricultural workers and there are no clear legal provisions for them. Since the economy is agro-based, unorganized agricultural labourers have to be brought under the umbrella of the trade union movement also for the commercialization of

agriculture. The issue of minimum wage is as important as the unionization of agricultural workers. However, there are numerous complications in the determination of minimum wages due to non-monetisation in rural areas and kind payment practices. Along with the fixation of minimum wages, steps have to be taken for the protection of health conditions, for the adjustment of workers to technological changes in agriculture and for the increases in skill and productivity. We have been serious on the necessity of bringing them into the comprehensive social security network and we express our commitments to the roles and leadership required.

### **Finally ...**

On the eve of the 21st century, the trade union movement should firmly address above mentioned issues. No opportunity of continuous upliftment should be given to higher classes on the base of the miseries and pains of working population. Labour policy-makers and national development strategy formulators must always keep in view that human aspect of development may not be minimized. We believe, development should not be viewed merely with technocratic eyes in the statistics of production. The welfare aspect of distribution and stable as well as continuous improvement in the quality of life of the general people have to be associated with development. The trade union movement should also be mobilized as an integral part of people's movement.

*(A Position paper of Nepalese Trade Union Centres- the GEFONT, NTUC and NTUF  
for the National Tripartite Training Programme on Industrial Relations;  
Hetanda, 19-25 August 1996)*



## **Workers ' Participation in Decision-making: a Trade Union Perspectives**

### **Introduction**

The two major aspects of enterprise are ownership and control. Ownership and control had been treated as inseparable and almost one phenomenon in the early stage of industrial development. However, the present environment is different and the 'terms' have come into two distinct usages and practices. Shareholders of the company, these days, are just the owners and do not exercise or have no control over processes of management or day to day decisions of the company. A distinct class has evolved which controls and manages, whom we call managers, although the managers concentrate themselves on the interest of the ownership. In these circumstances, the question is whether the workers should participate in management and control or decision making processes.

The thought that the participation of workers in management is inevitable in the process of decision making for higher productivity in micro and macro level and for the smooth functioning of industrial democracy has gained much strength today. It is because of the realization that labour is not only the factor of production; it is also a sensitive human element. Workers' participation in decision making will, if implemented sincerely, honestly and effectively with a welcome approach by the employer, certainly produce two immediate effects - one in productivity and the other in industrial relations. The increasing productivity and sound industrial relations will work hand in hand to ensure smooth functioning of economy and industrial democracy. But it is not an easy task; it requires the real commitment and some prerequisites.

## Prerequisites

- Our organization believes in maintaining an adequate distance from both the extremes of 'always conflict' and 'always negotiation'. However our balanced and cooperating approach alone can't work to the desired extent. Equally important is the approach of employers, who often violate democratic norms and try to behave as masters working against the sentiments of social justice. Feudal characteristics dominating their mentality makes them deviate from the thought that workers are their partners who invest labour and that the workers deserve due respect.
- Secondly, in our country, there is a tendency in most of employers to look at minimum wages as the maximum payment. They are always anxious to curtail labour costs rather than to create internal and external economies in the process of production. Instead of controlling administrative costs and extravagancies and taking initiative towards innovations, most of them always try to increase their profit margin by pushing the workers to more hardships and sacrifices. Unfortunately, the minimum wages are insufficient to fulfil even the bare needs, including subsistence of the majority of workers. In such 'less than subsistence' wages, no one can expect sound industrial relation and higher labour productivity.
- Thirdly, with the worldwide expansion of liberalization policies, changes in the terms and modes of employment have given more coverage to the use of sub-contracting and casualisation. The uncertainty and insecurity of employment is increasing gradually and a threat to the existence and effectiveness of unions is developing slowly when compared to previous years. In addition to it, employers are raising their demand for uninterrupted use of 'hire and fire' policy. In such an environment, cordial labour - management relations can not be achieved.

Therefore, in our context, attitudinal change in the employers' mentality has become a major prerequisite for establishing sound industrial relation and workers' participation in decision making processes.

- In our country, the minimum wage in organized sectors is of four categories separately fixed for unskilled, semi- skilled, skilled and highly skilled workers which are less than sufficient. The categorization of workers on the basis of skill is not based on objective criteria. We feel that this type of classification is not practical. We are of the opinion that minimum wages should be one and single (although minor regional differences may exist). Basic minimum wages can be defined by calculating a need of a worker to support a family of four members. The calculation can take an annual expenditure of the family as a point of departure to pay for the items like food, clothing, house-rent, daily consumption goods, medicines, education of children, transportation, and entertainment. The basic minimum wage thus decided should be tied up with the consumer price index so that the real wage and real income may be protected from adverse effects of inflation. The preparation and updating of agricultural labour index and industrial labour index and the indexation of wages are the major current issues at present.

We advocate that minimum wages should be provided on the basis of working hours and fair wages and incentive earnings on the basis of productivity and efficiency. The provisions of provident fund, gratuities and pensions must have common coverage. We have always resisted employers' demands for 'hire and fire' but simultaneously we pay attention and give emphasis on the development of skills and competitiveness. We are committed to taking steps for the extension of fringe benefits and comprehensive social security along with the emphasis on productivity, efficiency and quality.

In our realities, to sum up, a balanced national wage policy and social security system are crucial for sound industrial relations and for workers to go hand in had with employers.

- Effective workers' Education programs can play a highly crucial role in creating a climate of confidence and goodwill between workers and employers. By assisting workers' education programs, the government and employers can contribute to develop good understanding. As far as our role is concerned, we have launched a package of workers' education program form 1993 named as 'TRUE - Campaign'. From the experiences acquired, we have developed the concept of the 'mobile trade

union school ' which is highly popular among the working masses.

Unfortunately, there are many employers who are unhappy with such education programs; they are against union activities and consciousness of the workers. They have not realized that conscious workers will be more productive than the ignorant ones if they are treated as a constructive social partner. Government too has not done anything mentionable in this regard. In short, effective workers' education programs significantly contribute to enhance labour management relation.

### **Experiences**

The concept of workers' participation in management and decision-making processes is not a new concept. Provisions like works committee, joint management council, and nomination of workers' representatives in managing committee have been included in labour laws of various countries. In our country, first of all it was introduced in the form of 'works committee' in the Factory and Factory Workers' Act 1959'. But in practice, it didn't work. As mentioned above, the feudal mentality of the employers made the provision totally passive and ineffective. But the major responsible factor for the failure of the works committee was the autocratic political system which banned representative unions and developed a puppet union.

It is only after 1990 that unions started operating over ground. And then in 1992, the new Labour Act was enacted. The Labour Act has emphasized workers' participation in management in the form of 'labour - management committee'. But here again, the employers do not act positively. In order to evade tax obligations and transparency requirements, they maintain a distance from the workers and blame the workers for non-cooperation and non-participation. They do not like to disclose the actual financial position and loss and profit accounts because they often play foul in terms of distribution of bonus. Similarly negative experiences have been observed in the behaviours of workers' representatives when they behave like managers. These are the bitter experiences of our organization. If an honest entrepreneurial culture is developed with respect for transparency, viable changes can be generated.

**Possibilities**

We believe that workers' participation in management and decision-making processes in enterprise or plant levels has good impacts in several issues including the improvement in working conditions. We feel that the demand for participation in management is to be raised in order to bring about transparency in managerial activities and decision-making process, which will enhance a fair sharing of gains. It will strengthen workers' psychology as labour investors of equal status and will produce positive results in terms of higher and higher productivity. However, these possibilities depend on attitudinal changes in employers and effective workers' education. Only then can industrial democracy and labour-management cooperation be pushed to a new height towards desirable horizon.

*(GEFONT position paper prepared by Umesh Uadhayaya, 1996)*



## Exploitative Forms of Labour

## Dalits, Discrimination and Food Industry in Nepal

### The caste system

The caste system is a social division of people based on their occupation and access to power. The caste system in Nepal with its origin in Hindu philosophy has always prescribed social status based on birth. Thus, caste has been considered and practiced as a matter of birth, which cannot be changed by quality, education, intellect and social contribution.

The generation of castes is based on the **Varna** system of Hindu theology. The *Varna system* in the early period of the development of human civilization during and before *Vedic* Era of South Asia and Middle East was actually the division of labour in the society of the time. The *Varna system*, thus, is a system of four *Varnas* - *Brahmin*, *Chhetri*, *Vaishya* and *Shudra*.

In the vertical division of people in traditional Hindu society, *Brahmins* are at the top as head, brain and authority of education and knowledge. Similarly, *Chhetris* are the ruling class, their major occupation under the guidance of Brahmins, designated as Soldiers, Security and hunting of wildlife. The *Vaishyas* are the producers and traders of the society representing business class and the *Shudras* as the bottom point of Hindu caste hierarchy are considered servant and workers-the toiling group of society. However, there are two sub-categories even Among Shudras-one, touchable Shudras to serve the higher three Varnas, including of course the household works and the other untouchable Shudras for outside work. Untouchable Shudras are the most discriminated group and later termed as dalits. The term 'dalit' means extremely suppressed and hence dalit refers to the most exploited socially as well as economically which exists as the lowest point of the societal pyramid.

### Meaning of untouchability

The term 'untouchable' or *Achhut* has been in the Nepali discourse from a very long period of time denoting those castes of Shudras, who are not

permitted by upper castes to enter their houses, temples and other public places and to touch food or water to be used by the upper caste people. In later days mainly in last decades of 20<sup>th</sup> Century, the term dalit has been started to use intensively to replace the word '*Achhut*'. The practice of untouchability is being lesser and lesser in urban areas whereas it is still highly victimising people in rural areas.

### Dalit population in Nepal

There are two broader groups of Dalits in Nepali society- the **Hill Origin** and the **Terai or Plain area Origin**. As a special category, there are Dalits as well among the Newar Community (Newar is major groups of Vaisya) community itself.

**Table 1:** List of Occupational Cast in Nepal

Community Name	Occupation	Location
Lohar/Kami	Iron works	Hill
Sunar	Gold works	Hill
Damai	Tailoring/music player	Hill
Sarkee	Shoe making	Hill
Chitre	Bamboo works	Hill
Chundra	Wooden pot maker	Hill
Tamata	Metal works	Western Hill
Kusle/Kulu	Musical instrument maker	Kathmandu valley
Pode	Sweeper	Kathmandu valley
Kasai	Butcher	Kathmandu valley
Chyme/Chyamkhala	Toilet cleaning	Kathmandu valley
Chamar	Shoe making	Terai
Dom	Sweeper	Terai
Dusadh	Agri and other labour	Terai
Mushahar	Agri and other labour	Terai
Dhobi	Clothes washing	Terai
Tatma	Agri labour	Terai
Khatwe	Agri labour	Terai
Satar	Agri labour	Terai
Halkhor	Toilet cleaning	Terai
Bantar	Bamboo working	Mid-West
Badi	Dancing and entertainer	Western Nepal
Gaine	Singing	Hill
Hurke/Harahuru		



As mentioned in *Table-2* given below there are 5 categories of Hill origin Dalits and 6 are from Terai Origin. It is estimated that there are 16 *Lakhs* (9% of total population) Dalit from Hill Origin and 3.5% from Terai Origin Dalits. Altogether there are 22 *Lakhs* 72 thousands Dalit population in Nepal based on Population Census-1991. It is 12.3% of the total population<sup>1</sup>. If we project this number by 2.5% per year, the Dalit population by 2000 should be 28 *Lakhs*. Now this number can be calculated as 5 Millions of total population of 23.15 millions, 20 % of the total.

**Table 2:** Total population and of Dalit

	Total Population	% of total population
<b>Hill Origin</b>		
Kami	963,655	5.21
Damai	367,989	1.99
Sarki	276,435	1.49
Badi	7,082	0.04
Gaine	4,485	0.02
<b>Total</b>	<b>1,619,435</b>	<b>8.75</b>
<b>Terai Origin</b>		
Dhobi	76,594	0.41
Dusaad	93,242	0.50
Chamar	203,919	1.10
Khatbe	66,612	0.36
Musahar	141,980	0.77
Kanu	70,634	0.38
<b>Total</b>	<b>272,416</b>	<b>12.27</b>
Teli	250,732	1.36
Kalabar	162,046	0.88

### Constitution and laws on Dalit

The Constitution of Kingdom of Nepal, 1990 and the Civil Code (*Muluki Ain, 2020 B.S.*) deny untouchability and ensure the social equality and right against any kinds of discrimination based on occupation, caste and other ethnic groupings of society. No other laws exist against this norm. However, in social practice, the situation is quite different and hence the appropriate implementation of laws in favour of

<sup>1</sup> Mentioned in a paper presented in the dalit national conference by Dr. Shiva Sharma, January 3-4, 1998

equal rights to *dalits* has always been a far cry in our society. The superstitious beliefs and still dominating outdated feudal characteristics of traditional social life have been the major obstacles in this regard.

### **Dalit movement and the formation of the Dalit Commission**

Dalits are fighting for their rights together with various progressive movements. In early days this issue was taken up particularly left movement of the country. In 1980s Dalit caste-based peoples' organisation named *Udpidit Jati Utthan Manch* was established in order to gear up this movement. Following years there was significant momentum was foreseen. Later this *manch* was renamed as *Udpidit Jatiya Mukti Samaaz*. Particularly just after the restoration of multiparty democracy dozens of such organisations were launched. Remarkable changes were formation of 100s of NGO based on various Dalit communities mushroomed. It has resulted in enough pressures to non-dalit policy makers as well. Hence, the government has declared a high Level **National Dalit Commission** on March 19, 2002.

### **Formal sector food industries and involvement of dalit labour**

Keeping in view, the General Federation of Nepalese Trade Unions (GEFONT) conducted an indicative study in order to examine present contest of occupational discrimination in food and beverage industries. The reason to choose these industries is food like noodles, biscuits and bakery, juice and other soft drinks and dairy products is often considered by the society free should be free from Dalit.

All together 22 enterprises were taken as a sample size. The geographical coverage was from east to west and Terai to the urban hills. A set of 11 questionnaires (*see annex: 1*) was circulated to the workers and employers of the company. Table-1 shows the sample size:

**Table 3:** Types and number of enterprises covered by the study

<b>Type of Enterprises</b>	<b>Number</b>	<b>Percent</b>
Biscuit / Bakery	12	54.6
Confectionary	4	18.2
Noodles	2	9.1
Dairy Products	1	4.5
Soft drink (Juice, Coca-Cola etc)	2	9.1
Pickles	1	4.5
<b>Total</b>	<b>22</b>	<b>100.0</b>

Assuming that the food products are most vulnerable with regards to occupation based discrimination, 54.6% of sample size was taken from Biscuits and Bakery. Like wise 18.2% from confectionary, 9.1% each from Noodles and Soft Drinks and remaining from Dairy products and pickles.

**Table 4:** Proportion of Dalit Cast by types of Establishment

Type of Enterprises	Total Workers	Dalit	Percent
Biscuit / Bakery	1,029	95	9.2
Confectionary	49	-	-
Noodles	296	4	1.4
Dairy Products	195	6	3.1
Soft drink	232	13	5.6
Pickles	77	6	7.8
<b>Total</b>	<b>1878</b>	<b>124</b>	<b>6.6</b>

The number of Dalits participating in food industries widely varies. Bakery and biscuits factories are proven most progressive in this regard, where 9.2% Dalit of total number of surveyed workers is found. Confectionary has nil and pickles industries have 7.8% Dalits. Likewise, soft drinks, dairy products and noodles industries have 5.6%, 3.1% and 1.4% dalits respectively.

**Table 5:** Caste structure and workers

Caste	Male	%	Female	%	Total	%
Brahmin/ Chhetri/ Newar	1155	87.7	524	93.4	1679	89.4
Dalit caste (Hill Origin)	43	3.3	18	3.2	61	3.2
Dalit caste (Terai origin)	47	3.5	17	3.0	63	3.4
Other non- Dalit caste	73	5.5	2	0.4	75	4.0
<b>Total</b>	<b>1317</b>	<b>100.0</b>	<b>561</b>	<b>100.0</b>	<b>187.8</b>	<b>100.0</b>

Of the total enterprises surveyed, overwhelming number of workers (89.4%) from 'upper caste' people like Brahmin, Chhetri and Newar has found. There is more or less equal percentage of Terai and Hill origin dalits in such industries 3.4% and 3.2% respectively.

Dalits were found nil in Confectionary industry. However, high incidents of Dalit were found in Biscuits/Bakery (76%). Low numbers of dalit has been found in noodles and dairy products. A detail is given below in the Table: 6

**Table 6:** Dalit caste by Establishments

Type of Enterprises	Male	%	Female	%	Total	%
Biscuit / Bakery	67	75.3	28	80.0	95	76.6
Confectionary	-	-	-	-	-	-
Noodles	3	3.4	1	2.9	4	3.2
Dairy Products	6	6.7	-	-	6	4.8
Soft drink (Juice, Coca-Cola etc.)	9	10.0	4	11.4	13	10.5
Pickles	4	4.5	2	5.7	6	4.8
<b>Total</b>	<b>89</b>	<b>100.0</b>	<b>35</b>	<b>100.0</b>	<b>124</b>	<b>100.0</b>

Percentage of female dalit is high in comparison with male. However female ratio in Musahar/ Dusadh and other dalit cast is just reverse.

**Table 7:** Proportion of Dalit by caste and sex

Caste	Male	%	Female	%	Total	%
<b>Damai</b>	14	15.7	8	22.9	22	17.7
<b>Kami</b>	18	20.2	9	25.7	27	21.8
<b>Sarki</b>	2	2.2	1	2.9	3	2.4
<b>Pode/ Chyame</b>	7	7.9	3	8.6	10	8.1
<b>Chamar/ Dum</b>	7	7.9	5	14.3	12	9.7
<b>Musahar/ Dusadh</b>	24	27.0	5	14.3	29	23.4
<b>Other Dalit- caste</b>	17	19.1	4	11.4	21	16.9
<b>Total</b>	<b>89</b>	<b>100.0</b>	<b>35</b>	<b>100.0</b>	<b>124</b>	<b>100.0</b>

There are few types of work that has been offered to dalit to perform. Cleaning, packaging, machine operator, porter types of job are assigned jobs to them. In bakery and biscuits, generally they are denied working in such a section where flour and water is mixed and trained.

**Table 8:** Involvement of dalits by types of work

Type of work	Male	%	Female	%	Total	%
Clearing	9	10	7	20.0	16	12.9
Packaging	38	42.7	20	57.1	58	46.8
Operator	21	23.6	4	11.4	25	20.2
Transport	8	9.0	-	-	8	6.5
Other	13	14.6	4	11.4	17	13.7
<b>Total</b>	<b>89</b>	<b>100.0</b>	<b>35</b>	<b>100.0</b>	<b>124</b>	<b>100.0</b>

Following table shows dalits by place of origin.

**Table 9:** Dalit workers by place of Origin

Place of origin	Male	%	Female	%	Total	%
Local	48	53.9	20	57.1	68	54.8
Other place within same district	27	30.3	14	40.0	41	33.1
Other districts	14	15.7	1	2.9	15	12.1
<b>Total</b>	<b>89</b>	<b>100.0</b>	<b>35</b>	<b>100.0</b>	<b>129</b>	<b>100.0</b>

### Reason, recommendation and conclusion

Above tables show, there is less involvement of dalits in Nepali food industry. During our study a set of question was asked to dig out the reasons. Out of the selected 22 establishments 59% have provided employment to dalit any way.

In order to examine social changes, the survey team asked- when they started to work. Among the total Dalit workers, 77% were working prior to restoration of multi-party democracy in 1990. Whereas 15% dalits started their work within a period of 1990-2000. Only 8% of them have had their job very recently.

However, the study shows 41% enterprises are preventing dalit work in their establishments. Of the total respondents, 66.7% said the reason is social practice of **untouchability**. 33.3% said dalit themselves are not interested work in the food industry.

#### *Discrimination... Discrimination... Discrimination*

In a biscuit factory of the tourism city of Pokhara Nepal, a biog group of women workers are working. The GEFONT team reached in the factory to identify gender issues at work places. Among the questionnaires, one was related to 'menstruation leave'. 'Does your factory ever offer this leave to women workers?' The answer was in the affirmative. They were provided a four-day menstruation leave without pay. If women touch any food items during their periods, they will be 'unholy', the owner feels. "Women are being treated as dalit during that period," remark women workers.

(GEFONT submission to the Anti-slavery International, UK-May 21, 2002;  
Prepared by Rudra Gautam, Umesb Upadhyaya and Bishnu Rimal)

## Hazardous forms of Child Labour in Nepal

### Nature and scale

Child labour in Nepal is common. However, a major part is in the form of unpaid family workers and wage based child labour is small in comparison. The proportion of unpaid family workers is larger in the sense that nearly 80% of Nepali population is in agriculture, of which an overwhelming majority is engaged in subsistence farming. Therefore, the unpaid family child workers are also vulnerable as they are deprived of the opportunity of education, health care and their childhood. On the other hand, wage based child workers are extremely suffering in some sectors and comparably less suffering in others. The statistical aspect of child labour in Nepal is as follows:

Total Working Children: 2.6 Millions

Unpaid family child workers: 0.9 Millions

Wage - based child workers: 1.7 Millions

- Agriculture 94.7%
- Services 1.6 %
- Construction, transportation, communication 1.6%
- General Technical Works 0.8%
- Sales 0.4%
- Sex workers 20% (Of the total 25,000)

Causes of child labour in Nepal are the following:

- Poverty
- Failure of the education system
- Informal economy
- Low cost of child labour
- Lack of social Protection
- Social customs and attitudes

### **Nature of official action**

The government has already ratified both the ILO Conventions 138 in 1995 and 182 recently in 2001. Children's Act has also been enacted to protect the child rights. Separate Ministry for Women Children and Social Welfare has also been developed.

Similarly in the initiatives of ILO, following series of tripartite consultations among social partners and with civil society organizations, Time Bound Program for the worst form of child labour has been finalized by the government and is going to be implemented.

The program and activities have been designed on the basis of children's involvement in those works, which by their nature are likely to harm:

- Health,
- Safety
- Education and
- Morals of children.

### **Nepal's priorities have been in the following order:**

- Bonded labour
- Victims of trafficking,
- Porters,
- Rag pickers
- Domestic workers
- Transport and small hotel workers
- Brick kiln workers

From tripartite consultations, a Time Bound Programme has been developed to eliminate the worst forms of child labour within 5 years, where the urgent focus is on:

- The sale and trafficking of children
- Debt bondage and forced labour
- Recruitment of children for use in armed conflict
- Use of a children for prostitution, production of pornography or pornographic performances
- The use of a children in the production and trafficking of drugs

### **Areas of trade union action**

1. Awareness-raising, mobilising and campaigning
  - Local level: mobilising members, unorganised and marginal workforce, lobbying local authority
  - National Level: mobilising members, pressing for action-economic reform, lobbying for legislative reform and enforcement and supporting implementation of international standards
  - International Level: organising industry sector campaign, undertake global campaigns and lobbying for negotiated codes of conduct
2. Collective bargaining
3. Using international labour standards
  - 2000 ILO Conventions No. 87 and 98
  - 2001 ILO Conventions No. 29 and 105
  - 2002 ILO Conventions No. 138 and 182
  - 2003 ILO Conventions No. 100 and 111

The cycle will then be repeated. So for the forthcoming year 2002, Child labour will be the most important agenda with regard to ratification, reorganising national legislation and monitoring-supervising implementation as well as taking a number of effective actions.

4. Using the tripartite structure for improvement of legislation and enforcement
5. Possibility of joint trade union efforts-
  - Action against child labour through education
  - Rehabilitation through the provision of support services
  - Promotion of income-generating opportunities for families

Prior to the Time Bound Programme, a consultation among trade unions was successful to build consensus on the issue of child labour and issued the Dhulikhel Declaration, July 19-20, 2000. The Declaration covered Common Understanding, Policies and Strategies against Child Labour among Trade Unions of Nepal.



**Common Policies:** The trade union organisations consider a "child" as defined by the Children's Act 1992 and endorse the Article 3 of ILO Convention No. 182.

The trade unions believe that "child labour" consists of the employment of children which is

- Economically exploitative
- Interfere with child's education,
- Harmful to child's health,
- Physical, mental, spiritual, moral, or social development

The trade union organisations will take joint initiatives on children:

- engaged in identified worst forms
- working in the formal as well as informal sectors
- working under forced or bonded labour conditions
- working in inherently hazardous environments
- exposed to chemical and other industrial hazards
- vulnerable and exposed to sexual and economic exploitation and physical abuse
- engaged in home based service, i.e. invisible child labour and
- working in agriculture, hotels, restaurants and transport sectors.

**Common strategies:** In the programmes to eliminate child labour, the trade union organisations will adopt the strategies of

- Awareness raising and social mobilisation;
- Application and surveillance of national laws and international labour standards
- Inclusion of the issue of child labour in collective bargaining agreements;

The trade union organisations will focus on:

- Inclusion of the issue of child labour in workers' education programmes; · Prevention, rescue and rehabilitation measures
- Development of a code of conduct for workers and their respective unions;
- Monitoring of the incidence of child labour in the work place to protect child workers from exploitation.

Major Thrust of GEFONT Policies on child labour is Children Out of work and Into the School; Adults into the Work!

### **GEFONT in Action**

- 1990-1993 - Problem Study and identification
- 1993-1995 - Child Labour issue included in Trade Union Education Program
- 1995-1996 - Research and campaign to eliminate child labour in Tea Estates
- 1996 - 1998 - Awareness Raising Campaign, Non Formal Classes and Day Care Centre established in Sweeper Community area
- 1999 - 2000 - Second Phase Campaign and Research in Sweeper Community
- Formal and Non Formal Education, Health Camp, Cooperative and Research on Bonded sector in 5 districts of western Nepal
- 2000 - 2001 Elimination program for Bonded and other forms of child labour in agricultural sector in western Nepal covering 8 Districts, components are NFE, FE Support, Organizational work, campaigns on minimum wage and social security etc.
- 1993- 2001 - Continued awareness program and mass education initiatives in all sectors of work against use of child labour and rescue work.

Up to now, no separate work-plan for especially hazardous forms of child labour has been developed and concentration is on worst forms of child labour, priority has been given to bonded conditions. Under worst forms hazardous are naturally covered. Rescue and rehabilitation works have been conducted in the areas of transport, hotel, carpet weaving, bonded Kamaiya children and domestic work. In addition, the GEFONT Campaign against child labour has covered various other activities also related to hazardous forms as mentioned above.

### **Collaborating organization with GEFONT**

- ILO-IPEC
- IFBWW
- Various NGOs like National Labour Academy, Child Workers Concern Centre in Nepal (CWIN), Informal Sector Service Centre (INSEC)

- Local bodies - Village development Committees/Municipalities/  
District Development Committees
- Peoples Organization
- Political Parties
- Social Workers and
- Experts

*(GEFONT Paper presented in the Preparatory Meeting on Developing Asian Network on Hazardous Child Labour, Manila 26-28, 2001; prepared by Bishnu Rimal & Umesb Upadhyaya)*

## Maghi - the Black day

By Bishnu Rimal

The medieval slavery system is still alive in Nepal. The isolated agricultural workers in the far west have for years been exploited ruthlessly but now there seem to be some hope for the workers and their liberation

*Should the land of the country be justly partitioned  
I do also inherit a place where to erect my humble hut  
And, of the innumerable river banks of the country  
there will be one for my funeral pyre to rest in peace*

Some decades ago, a well-known Nepali poet, late Bhupi Serchan, composed these lines in genuine sentiment for his fellow citizens' right over the land. His "demand" is still relevant to over 40,000 people, known as the Kamaiyas in western Nepal.

The Kamaiyas are hard working labourers, fully engaged in cultivation and domestic work. They remain tied to land forever but they do neither hold a single piece of land nor own even a small hut. They are agricultural workers but their wages have not been determined yet, rather they are working as bonded labourers.

The word "Kamaiya" also denotes a system, which is one of the most inhuman exploitative labour practices. It is nothing other than a residue of the medieval slavery system, an intolerable characteristic and a major infringement of the Nepali labour market.

### Still slavery after 60 years

Although Nepal as long back as in 1926 took the initiative to abolish the Kamaiya slavery system, it is still lingering on in five districts of Western Nepal. The UN convention against slavery (1956) has already been signed by the Nepali government and the constitution of the kingdom of Nepal has clearly stated its commitment against slavery, debt bondage

and forced labour. However, no law against these unfair practices has yet been formulated.

Customarily, a Kamaiya has to make an employment agreement every year in Maghe Sankranti (mid January). The day is known as "Maghi", the black day. In principal the agreement is a contract by which a Kamaiya can bargain, accept or reject the terms and conditions imposed by his land master. In practice, he does not breach the contract nor make his master relieve him from his job before completing the year.

### **Chained to the master**

A Kamaiya, who is looking for a master, comes out with a cloth encircling his head and carrying a stick on his shoulder. As a way to identify himself as a candidate. If he finds a master, this one will go to his former master, pay outstanding loans and then take the Kamaiya to his house. A process similar to replacing old cattle by new among rich farmers in rural Nepal.

If someone wants to be a Kamaiya it is compulsory that he has a "bukhrani". It is generally the wife or, if he is not married at the time she may be his mother, sister or daughter. She is usually assigned for domestic work and has to offer her labour to the land master with no payment at all.

A Kamaiya is expected to work around 18 hours per day, with no fixed salary. They are heavily burdened by the loan known a "saunki". It is a kind of loan borrowed by a Kamaiya from his master to pay for his family's subsistence. The loan can never be paid back in his entire life from the salary he gets.

### **Action in favour of landlords**

Finally, in 1995 the Kamaiyas started to organise themselves in collaboration with a Nepalese human rights organisation. A preparatory committee for "The Kamaiya Liberation Movement" was formed and slowly the movement came to be associated with the trade union movement.

During a conference in 1996, a working paper was presented which addressed a number of issues: "There are many communities in this country to consider as victimised, but the suffering of the Kamaiyas is significantly worse," it stated.

The paper also stated that the problems of the Kamayas would not come to an end simply by giving physical assistance by running literacy classes or income generating schemes. In order to liberate the Kamaiyas there is a need of state involvement both at policy and enforcement level.

The General Federation of Nepalese Trade Unions (GEFONT) has been involved with the Kamaiya Liberation campaign since 1995. In the first phase, a "Kamaiya Liberation Forum, Nepal"-delegation (KLFN) met the Prime Minister to try to make him aware of the bitter realities and demands. But the then government instead started a program, which empowered the landlords and gave nothing to the Kamaiyas. It simply sent displaced Kamayas from their master's house out into the uncertainty of the streets.

From August 1996, KLFN has run its own campaign in all of the five districts of the far Western Nepal. They have picketed the land reform offices and organised rallies and mass meetings. They have also faced police intervention so free legal aid is now being provided to Kamaiyas by GEFONT.

### **Land right is central demand**

Let us change slaves into poor! The slogan may seem odd, but is never the less chanted nowadays. To turn slaves into poor means to establish an employee-employer relationship instead of that of a master and slave. If a Kamaiya is liberated from bondage he will be converted into a poor. They already number a total of four to five percent of the entire population.

As it is now there is no end to the inhuman system of slavery. If one Kamaiya leaves, another poor guy will fill in the vacancy.

According to a new study on Kamaiya systems in Nepal by Dr. Shiva Sharma, almost 60 percent of the Kamaiya households do not own land. Thus the right to land is a central demand of the Kamaiya movement. An appeal movement requesting landlords to voluntarily relinquish their Kamaiyas has given positive hope. Up until now 13 Kamaiyas have been freed. But there is still a long way to go before they can say along with the old Nepalese poet:

*Should the land of the country be justly partitioned  
I do also inherit a piece to erect my humble hut*



3

Women/Gender

## **Decade of Multiparty Democracy in Nepal: From Gender Perspectives**

*By Binda Pandey*

Establishment of multiparty democracy in 1990 by overt roughing the partyless Panchayati autocratic system is one of the most historical landmarks to change in women's lives in Nepal. This movement tied monarchy to the constitutional framework. After a short period of 12 years of multiparty democracy, the king has been trying to regain power by dissolving an elected government and appointing the council of ministers of his choice.

The royalist forces are trying their best to undermine all the achievements of the last 12 years. They do so subjectively to fit their vested interests. In this situation, it is essential to look back critically to examine the achievements and weaknesses thereby contributing to consolidate strengthens and chart strategies and plans for the improvement of the shortcomings. This article aims at that end from gender glasses.

### **1. Women's participation in politics**

Women's participation in Nepali politics has increased quantitatively as well as qualitatively during the last 12 years. Women's participation in all level of party politics has increased. All major political parties have women in their central leadership. The number and quality of women is being increased in policy making processes. In the two major political parties, women occupy next to the topmost positions, such the deputy-presidentship, in the case of the Nepali Congress Party, and the position of the Standing Committee Member, in the case of CPN-UML.



**Table 1:** Women Participation in party politics among parliamentary parties

Parties	CPN-UML	NC	NC-D	RPP	J-Nepal	NPWP	NSP-A	NSP-B
CCM	55	29	37	45	45	11	27	31
Male	50	26	35	41	42	9	23	29
Female	5	3	2	4	3	2	4	2
Female (%)	9.1	10.3	5.5	8.9	6.7	18.2	14.8	6.5

*Source: Central Office of respective parties, 2003*

A special legal provision has been introduced regulating election processes in which 20 percent seats are reserved for women in the local government. In national elections, women candidates should account for at least five percent of total candidates. Although not enough, this is a small achievement of the last 12 years.

**Table 2:** Women participation in the House of Representatives

Election year	2048			2051			2056		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Member in House of representatives	198	7	205	198	7	205	193	12	205
Percentage	96.6	3.4	100	96.6	3.4	100	94.2	5.8	100

*Source: Report of the secretariat of Parliament -2001*

With these positive sides are issues and areas to be improved.

- The policy and program of the state, political parties and civil society have not been enough gender sensitive. The possible positive impact of women's participation in all the mechanism of the state and society has not been realized yet. As a result, women do not fair encouragingly in leadership as well as in the party rank and file.
- Traditional conservatism, social norms, values and practices are still continued not only in society, but also in party leadership and cadres, who claim themselves as being gender sensitive.
- In totality women have not been successful in making themselves qualified and competent in various sectors. Women's movement as such is not being able enough to show their collective strength and unity to challenge the society for change even in women specific concerns.
- Political parties have neither been open to provide extra seats for women in election processes more than fixed quota nor able to

conduct specific programmes to train (about 40,000) the elected women in the local government. As a result, women could not utilize their full potential for the betterment of society.

## 2. Women in education and awareness

Education and awareness are the needs for social development. It certainly plays a vital role in terms of gender equality as well. During the 12 years period, awareness about girls' education has increased. But still, the concept of women's education for self-reliance has not been internalized.

According to the census 2001, 58 percent of the total population is literate. Among the women population 42.5 percent is literate, which shows women's literacy rate better than that of male. The ratio of women's participation in higher education has also been high in this period. Still, there is a long way to go to meet the equal ratio.

**Table 3:** Comparison of women in Education in different time period

Level of Education	1981		1991		2001	
	Male	Female	Male	Female	Male	Female
Non mentioned	0.0	0.0	0.6	0.9	0.6	0.7
Illiterate	66	88.0	45.2	74.4	34.3	56.8
Literate	34	12.0	54.1	24.7	65.1	42.5
Among the literate						
No Schooling	23.9	22.8	22.3	24.0	8.5	9.2
Primary level passed	46.1	56.4	39.1	45.2	39.3	45.9
Above Primary upto SLC	25.8	18.3	29.3	23.9	40.4	38.4
Higher Education (Above SLC)	4.1	2.4	4.6	2.4	10.7	5.3
Total	100	100	100	100	100	100

*Source: Gender Disaggregated Indicators-2001*

In this period, the government has introduced one compulsory woman teacher in each primary school. As a result, there are 23.8 percent women teaching in primary level, however the women teacher in lower secondary and secondary level constitute only 13.4 and 8.4 percent respectively, according to the data from the Education Department as of 2000.

Besides formal education, political and social awareness has increased tremendously, which can be seen through women's participation and

mobilization in different forums such as conferences, seminars, trainings and campaigns.

Despite these achievements, following are the areas to be intervened for the change in the education and awareness sectors.

- Female have less opportunity, access and control over education as compared to their male counterparts.
- There is no women focused/specific policy and program to increase opportunity and access to education and training to develop their functional capacity and competency.
- Formal textbooks and courses are not gender sensitive. Gender discriminatory texts and materials exist in other forms of education, such as media, campaigns, awareness activities and so on.

### 3. Women in employment and economic right

According to the census 2001, economically active population is 10,637,243; among which 56 percent are men and 44 percent women. According to the NLFS report, of the total women labour force, only 7.7 percent is in the remunerated work, 63.4 percent is engaged in the unpaid work and the rest is self-employed.

**Table 4:** Women participation in different jobs (in '000)

Nature of work	Total		Female		Male	
	Number	%	Number	%	Number	%
Total Workforce	9473	100	4727	100	4736	100
Remunerated Work	1517	16	365	7.7	1153	24.3
Non-Remunerated Work	4100	43.3	2997	63.4	1103	23.3
Self-Employed	3846	40.7	1377	28.9	2440	52.4

*Source: NLFS 1998/99*

To promote women's participation in the employment sector, the government is supposed to be a model employer, but in Nepal women's participation in the government sector is as low as 8.55 percent. None of the employed women is in the special class, the policy making level in bureaucracy.. Women occupy about 24, 13 and 20 percent in other sectors such as private, public and social services respectively. The data are not satisfactory at all, yet they are far better as compared to the data before 1990.

Women have learnt to be economically active at least through community-based organizations such as saving groups, cooperatives, mothers groups and women's group even in the grassroots level. These initiatives have really opened their eyes about the importance of economic rights. As an impact of these initiatives, women in all walks of life have realised the need for equal inheritance right. One of the studies done by NLA for ILO has shown that women land ownership has increased gradually.

Still the following major areas call for more emphasis on to gender sensitise the workplace, feminizing the labour market and provide equal economic right to women.

- The government should be model employers, in terms of providing equal employment opportunity, training and promotion. The non-traditional job sector should change the stereotype attitude and practice and move toward gender sensitivity and equality in employment.
- All discriminatory laws should be abolished. The government should introduce gender specific policy and act as a role model to implement it. Specific policy, programme and regulation should be introduced to change stereotypes prevailing among employers, colleagues and other social partners.
- Reproductive responsibility limited to women has to be realized and internalized as a social responsibility rather than as a family/personal one. There should be special package programme on reproductive health education and maternity protection from local to central governments and in other cross-cutting sectors of the society.
- To promote women's economic rights and access to and control over property, laws should be fully gender sensitive. Women's equal right to land and all kinds of property should be established.

#### **4. Women and policy making mechanism**

As a result of continuous women's movements, some additional mechanisms relating to women's empowerment have been established. They are Ministry for Women, National Women's Commission and Gender Focal Point in each ministry. Women have been appointed/nominated in different policy making and monitoring

mechanisms such as National Planning Commission, National Human Rights Commission, National Dalit Commission and Public Service Commission, among others, during this period.

One of the visible achievements in this regard is the fact that women have been able to rise upto such senior positions as Deputy Speaker to the House of Representatives, Deputy Prime Minister and Supreme Court Justice during this period.

Yet, there is a big question of sustainability and effectiveness. The mechanism in place—whatever it is—is very fragile.

Feudal attitude and patriarchal mentality in political leadership and state bureaucracy stand as a major impediment to gender sensitive practices. So the major challenge in this regard is to break this feudal and patriarchal mentality. The policy making level of Nepal needs gender sensitisation programmes. This level should change its social attitude and day-to-day behaviour in relation to women.

## 5. Women and law

Women's movements have succeeded to achieve more legal rights during this period. Parliament has passed the 11<sup>th</sup> Amendment to the Civil Code in March 2002. The positive points emerging from this amendment are:

- a. **Inheritance right:** Daughters will have the equal right to inheritance until they get married. (After marriage, this right will be defunct as the property gets transferred to husband's property. Sons do entertain their rights regardless of their marital status.) Widows get their share of property and can entertain as they wish despite second marriages, if they occur.
- b. **Divorce:** Spouses are allowed to divorce in the case of physical assault as well as mental torture by either side. Before divorce, wives can claim half of the husband's property.
- c. **Abortion:** Unwanted pregnancy can be aborted with the decision of woman herself within 12 weeks of conception. If the pregnancy is caused by incest or rape, it is allowed to abort within 18 weeks.
- d. **Marriage age and polygamy:** The marriage age for male and female has been set at 18 years with the consent of guardians and at 20 years for self-decision. In the case of polygamy, fines have been increased from Rs 5000 to 25000 or an imprisonment

of one to three years or both. It is increased by almost 10 times as compared to previous provisions.

- e. **Punishment in rape cases:** In the case of rape, a culprit can be imprisoned for a maximum period of 15 years, three times up from the previous 5-year provision. The imprisonment depends on the age of women as well. If it is the case belonging to a girl child below 10 years, the culprit will be imprisoned for 15 years. If the victim is above 18, the minimum years of imprisonment is 5 years. In the case of disabled or pregnant women, there will be additional five-year imprisonment in all categories.

The government has ratified a number of international legal instruments during this period, including the CEDAW, which is a powerful instrument to through which to fight for the rights of women in all sectors.

However, Nepalese women are still being treated as second-class citizens in their own land. They should always have either father or husband's citizenship card to produce their own citizenship cards. Nepal's Constitution does not allow producing citizenship card with mother's citizenship. This is one of the most serious discrimination. Besides this, there are more than 130 gender discriminatory provisions in different laws, which must be amended or repealed to ensure gender equality.

There are some gender-sensitive provisions in laws but most of them have neither been practiced nor monitored. In terms of inheritance rights, marriage has been kept as a pre-condition, which should be abolished as soon as possible.

Besides these, there should be clear rules and regulations to include and increase women in all sectors and levels of policy making.

## **6. Women and health:**

Right to health is one of fundamental human rights of every citizen. It should be guaranteed by the state, but in our case, it has not been reflected in practice yet. However, the level of awareness has been growing regarding health care. Health infrastructure has been expanded. But it has been city-centric and business-centric, thus inaccessible to general people.

Women's average life expectancy was 53.5 years against that of men, which was 55 years, in 1990. The scenario has changed in 2002. Now

women's life expectancy has increased to 62.2, which is higher than that of men (61.8 years). Similarly, 38.9 percent women have access to family planning instruments, up from 23 percent in 1990. However, there have been a number of setbacks. Only 12.5 percent women have access to trained health personnel's service during delivery and 65 percent pregnant women are under nourished.

Numerically, the indicators have improved in maternal mortality and infant mortality rates. Still, the figures are one of the lowest ones in South Asia. On the one hand, health services are being accessible only to high-class people. On the other, there are not enough health campaigners to break through the feudal culture, tradition and superstitious beliefs that persist rampantly in our society.

Key issues of health should be identified and massive awareness campaign should be conducted with effective way. Understanding of reproductive health should be a social responsibility of all including that of policy makers. Women's reproductive health issues should be treated as a matter of priority. Monitoring systems should be in place to see changes and improvements.

## **7. Women and Media**

Media are very important in terms of delivering ideas, thoughts and beliefs and thus be catalytic to bring about changes in the society. Before 1990, media were almost controlled by government and dominated by males. After 1990, there have been a lot of changes. Private media have developed a lot, mostly after 1994. Women's participation is about 10 percent in the print media and about 30 percent in the electronic one.

According to a study, media are providing less than one-percent space on gender and women related issues. It means still there is not enough media attention on gender issues. Yet, there has been an improvement as compared to past.

For media to be able to change social attitude, women's participation in media should be increased along with media coverage and the style of presentation on gender issues.

## **8. Women and social movement**

In the multiparty system, a number of social movements have been led by mass organizations and non-governmental organizations. The number

and size of mass organizations have expanded during this period although some of them, such as student organization, women association, peasant association and trade unions were active as semi under ground movement even during Panchayat system. Thousands of NGOs, under different name, titles and area of work have been established. Women and gender issues have been identified as a key priority. Gender sensitisation programmes have been launched massively and women's mobilisation has been quite high. Now the need of the day is to back these social movements by a decisive political movement. Until and unless political movement is decisive, social movements cannot be effective.

### **Priority areas for attention**

The state, political parties, women's movements and social movements should focus on the following areas in order to enhance gender sensitivity.

- Since CEDAW has already been ratified, all gender discriminatory laws and policies should be amended or repealed accordingly. Evaluation and monitoring system should be made effective to monitor the progress. Women's participation should be ensured in all these processes and steps.
- Women's education, employment, health, media and social mobilization should be treated as social priority. Women should be seen as a vibrant partner in politics, decision making processes, economic growth and social change.
- State, political parties as well as social movements should develop effective policies and programmes to empower women and enhance their participation in all levels and sectors.
- Social campaigns against social evils such as polygamy/polyandry, witchcraft, wife battering and caste system should be strengthened and coordinated among different actors in social movements.
- Specific programs should be designed to strengthen women's leadership in different sectors. Movements for the rights of women should have effective networking and coordination across a wide range of social movements and sectors.



## Women, Gender and Mass media in Nepal

*By Binda Pandey*

### Background

The history of mass media in Nepal is not so long. It first started with a hand press in 1851 for the purpose of printing government documents and stamps. Publication of "Sudha Sagar", a monthly magazine, in 1891 marks the beginning of Nepali journalism. After twelve years, a weekly newspaper *Gorkhapatra* came into being, in 1901. In 1960, it was converted into a daily newspaper. The first state owned printing media corporation—the Gorkhapatra Corporation—was established in 1964. The publication of the *Rising Nepal* started in 1965. Since then, numerous newspapers and magazines have gradually hit the newsstands in Nepal. According to the registration record in 2001/02, there are 1620 dailies, weeklies and fortnightlies; 127 monthlies and 12 other kinds of newspapers and magazines published today. Among them, hardly a dozen of publications are edited by women.

In the electronic media sector, Radio Nepal was established in 1951 and it currently covers about 70 percent geographical area of the nation making it the most effectively accessed media. Nepal Television started to operate very recently, in 1985. Only about 17 percent of Nepali population has an access to electricity. It is estimated that only about 10 percent of the total population has an access to Nepal Television programmes. .

As consumers, women's access to print media is very low in rural areas as compared to that of their male counterparts. Their access to electronic media, especially to radio, is a little more than to the print media. It is through entertainment programmes rather than news and other analytical events. But this trend is being changed slowly.

Women's participation in media as actors and/or employees is very low. The percent of women's participation in the government owned media

was 12.3 in 1992. It increased to 12.9 percent in 1997 and 15.5 percent in 2002. The increment is mainly because of electronic media. But, the percentage of women's participation in print media has decreased sharply to 2.8 percent in 2002 from 13.4 percent in 1992. The details of the comparative study undertaken in 1992, 1997 and 2002 have been presented in the table below.

**Table 1:** Women's participation in government owned mass media

Media	1992		1997		2002	
	Male	Female	Male	Female	Male	Female
Nepal TV	79.6	18.4	79.4	20.6	78.3	21.7
Radio Nepal	91.6	8.6	91.8	8.2	69.9	29.1
National News Agency	93.6	6.4	94.3	5.7	91.8	8.2
Gorkhapatra	86.6	13.4	89.5	10.5	97.2	2.8
Total	86.7	12.3	87.1	12.9	84.3	15.5

From 1995, the private sector entered into the domain of electronic media. Many FM radios and a few television channels came up in Kathmandu and outside the valley. According to the study conducted in 2002, women's participation is 21.7 percent in the government owned television whereas their participation in private channels is 68 percent. Similarly, 29 percent women are involved in Radio Nepal but in the private FM radios they occupy 38 percent.

**Table 2:** Women in electronic media

Employees by Sex	Govt. Television (Nepal TV)		Private TV (Channel Nepal)		Govt. Radio (Radio Nepal)		Private Radios (FM radios)	
Female	39	21.7	30	68.2	28	29.1	92	37.9
Male	141	78.3	14	31.8	142	69.9	151	62.1
Total number of employees	180	100	44	100	170	100	243	100

Women's participation in the government owned newspaper--*Gorkhapatra*--was 2.8 percent in 2002 while it was 10.6 percent in the private print media. But women's participation in decision-making positions is negligible both in government and private sectors whether print or electronic media, as shown in the table below.

**Table 3:** Women's participation in newspapers in both government and private sectors

Employees by Sex	National News Agency		Gorkhapatra		Private Papers	
Female	4	8.2	3	2.8	50	10.6
Male	45	91.8	103	97.2	423	89.4
Total number of employees	49	100	106	100	473	100

### Women's Role in Media

Mass media in Nepal are not yet gender sensitive. Even the women participating in media are seemingly not aware of gender perspectives. As a result, matters written and projected by women are also not that sensitive.

In the media world, media people normally divide news matters as hard and soft matters. With this division starts discrimination. Women are hardly given a responsibility for hard news. Almost all women are engaged in soft sections, which are not considered as important in the media culture.

In electronic media, women are mostly projected in stereotype roles in advertisements, films, serials, dramas and other activities. According to a study, in 65 advertisements related with soaps, spices and kitchen items, only one was modelled by a male. All other 64 featured women as models. But, all the advertisements related to works other than household items were modelled by males (Thapa, 2000). This kind of presentation reinforces the conservative ideology that domestic matters are a concern of females and outside works are that of males. In addition, many proverbs subordinating women to men are rampantly used in the media of all types reinforcing the patriarchal worldview.

Women are hardly recognised as experts in any sectors despite the fact they are the real workers. There are hardly any opportunities available for women in terms of training and promotion. In most cases, women's recognition is tied to their male relatives. not to their power and ability. This is not to suggest that there are no efforts to bring about changes in gender perspectives but the fact is that policy makers are not paying any attention to this fact.

## **Women's Issues in Media**

To look at content coverage in media, women's issues are not seen mainstreamed. According to a study, less than one percent space is given to women and gender related issues in news and views of the media (Thapa, 2003).

The painful experience with mass media is that when women are victimised by social evils and injustices, media project them in a manner that has a negative psychological effect. Media hardly expose the criminals involved. This kind of presentation affects women both in their personal and family lives. Unable to bear the impact of negative projections, women even commit a suicide. In 2002, a film star committed a suicide because of the psychological pain caused by her naked photo that was published in a weekly newspaper. Various authorities were consulted and cases were filed against the breach of privacy. But the case was dismissed without any action against the publisher.

## **Conclusion**

The mainstream media are captured by males who seek to reinforce traditional attitudes towards women. A decade after the reestablishment of multiparty democracy, gender equality has not been mainstreamed. Like the state machinery, the media, which is considered as the fourth organ of the state, is not gender sensitive.

Women rights activists have identified many sectors, including media, that need gender sensitive orientations. To bring about changes in social attitude, state authorities should be gender aware, and they should behave in a gender sensitive manner when it comes to public duties and responsibilities. Similarly, media people should get gender sensitised through regular interaction programmes on gender and women's rights issues. Gender experts should be included in media censorship boards not only to censure a certain programme or broadcast but also to take proactive initiatives to introduce programmes necessary to bring about attitudinal changes amongst media professionals vis-à-vis gender issues and concerns.

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*(Published in Danish Magazine, 2003)*

## Women's Property Rights Movement in Nepal

*by Binda Pandey*

Nepal is still running under strong feudalistic social values and norms. There were no clear provisions regarding Nepalese women and property rights until 1975. Following the UN Declaration of 1975, which was International Women's Year, the Nepali government began to celebrate International Women's Day on the 8<sup>th</sup> of March. That same year, the Civil Code was amended and a clause on women's inheritance and property rights included. The clause states that if a woman remains unmarried up to 35 years of age, she would have a right to inherit property. However, the amendment limits itself as it continues "if she gets marriage after having property that should be returned back to the brothers by deducting the marriage cost."

With the restoration of multiparty democracy in 1990, the new constitution guaranteed that no one should be discriminated against on the basis of sex. Furthermore, in 1991, the government ratified the UN Convention on the Elimination of all forms of Discrimination Against Women (CEDAW-1979). The nation's Women's Movement demanded that all inequalities in Nepali law be eliminated and focused attention on the equal right of women to inherit property. All political parties have included this demand in their respective election manifestos. The opposition party in parliament, the Communist Party of Nepal-Unified Marxist-Leninist, has raised this issue repeatedly but the government has neither considered it seriously, nor taken any initiation to amend discriminatory laws.

In 1993, a case was finally filed in the Supreme Court with a demand to amend the Civil Code to give women equal rights over property.

After two years, in 1995, the Supreme Court issued a directive to the government to introduce a Bill in parliament that would guarantee a woman's rights to inherit property.

Following the Supreme Court directive, the Ministry of Women and Social Welfare drafted a Bill, popularly known as the "Women's Property Rights Bill" in order to amend the existing Civil Code. It was tabled for discussion in the 11th session of Parliament.

It took almost six years more to be passed through parliament, despite a number of other Bills being adopted in this time parliament. During this period, different political parties and parliamentary committees have made a number of changes to the original Bill.

On July 17, 2001, a parliamentary committee unanimously declared that women should have equal rights to inherit property. However, the ruling Nepali Congress party expressed some disagreement and proposed that inherited property "should be returned back to respective brother/s if she gets marriage". The ruling party passed the Bill with a majority vote in the Lower House of Parliament in October 2001. But, the Upper House - National Assembly, which is dominated by the opposition party, failed the Bill and it was sent back to the Lower House for reconsideration.

In due process, the Bill came back to the Lower House. Here, the ruling party was pressing for the Bill to be adopted while the main opposition party, supported by almost all women organizations, was pressing hard to guarantee inherited property rights for women equivalent to that of their brother/s.

In this situation, there was a risk that the Bill would not be passed again and it might take several more years to go through another round of discussion. At this point, the opposition party made the tricky decision to vote for a Bill with its reservation on the provision, which do not recognize the equal right of sons or daughters to inherited property after marriage.

### **Major Achievements through 11<sup>th</sup> Amendment in Civil Code-2020 (1963)**

After all these turning points, the bill was finally passed in parliament on March 14, 2002. It was sent to the King for his seal of approval and came into effect from September 27, 2002. The major achievements of this amendment are as follows:

- **Women's Right to Property**

Today, women in Nepal can enjoy their right to inherit property from birth. But when they marry any property will be returned to the parent's family. The new law establishes a wife's equal right to her husband's property immediately after marriage, rather than after she reaches 35 years of age or has been married for 15 years as before. A widow's right to claim her share of property from the joint family after the death of her husband, and to use this property even if she gets re-married, is now also established in law.

- **Women's Right to Divorce**

The Bill gives women the right to seek divorce from her husband if he harasses her physically or psychologically; if he establishes sexual relationships with other women; if he is incapable of producing children; or if he is affected by and STD, including HIV/AIDS. Previously, the law allowed a wife to claim only food stuff from her husband for the five years following their divorce. Today, a woman can also claim property.

- **Increase Penalty for Polygamy**

Polygamy is still rampant in Nepal, though it was declared illegal in 1975. Previously, those who violate the law in this regard face a punishment of 1 to 3 months in prison or a fine of 1000 to 2000 Rupees, or both. The new amendment increases these punishments, a man can now face 1 to 3 years in prison or a fine of 5000 - 25,000 Rupees, or both.

- **Women's Right to Abortion**

Previously, abortion was illegal unless a doctor advised that a mother's life was endangered unless a foetus was aborted. Charged with this crime, more than five dozen women are imprisoned across Nepal. The new law legalizes abortion with some conditions. In normal cases a woman can make her own decision to go through with an abortion, though only within the first 12 weeks of pregnancy. However, if the child's delivery endangers the mother's life, or if a women becomes pregnant through rape or incestuous sexual relations then abortions can take place within 18 weeks of pregnancy. Nepal is the first South Asian country to legalize abortion in this way.



- **Stern Action against persons involved in Rape**

Rape is one of the major issues that has been raised by the women's movement in Nepal. In this regard, the amendments to the civil code make the law stronger and increase the punishment for rapists. According to the new provisions, a rapist can be imprisoned for 10-15 years, if their victim is below 10 years of age; 7-10 years of imprisonment, if their victim is between 10 and 16 years of age; and 5 - 7 years of imprisonment, if the victim's age is above 16 years.

In each category, an additional five years of prison can be given if the victim is a pregnant or disabled woman.

### **Lacunae still remain**

It is a big achievement that women have been granted more legal rights with this amendment. But, there remain issues to be addressed. One major issue is to establish equal rights of property inheritance regardless of a women's marital status. The struggle to achieve rights based on gender is ongoing. If gender equality has not been achieved even when important goals are met then the struggle should continue.

### **Challenges ahead**

There is a bigger challenge ahead of the women's movement. Until and unless women and men in wider society are aware of these new legal instruments, they cannot bring any remarkable change to the real lives of Nepalese women. In this regard, it is the role and responsibility of the women's movement to make women and men aware of their legal rights. At the same time, social and bureaucratic structures including those in civil society and government must institutionalize these changes. Only in this way will feudal and traditional attitudes towards women's rights change.

To ensure the impact of these legal rights, authority should be delegated in a practical way and the implementing apparatus should be correctly managed. The women's movement can lead the campaign to make people aware and to check that the law is implemented properly. We can prove that legal instruments are important tools and play a crucial role in creating gender equality in society.

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## Women's Movement Scenario in Nepal

Nepal is one of the least developed countries in the world. Our socio-economic life and hence the national life is largely dependent on agriculture. 42 percent of the national income is being contributed by agriculture and almost 81 percent of the population is employed in this sector. However, agriculture itself is in a very miserable condition. It has become away of life to majority of the population, but its fruitfulness is decreasing every year.

In the Nepalese context, the women struggle started against British imperialism. Patriotic struggle against British imperialism dates back to the battle of 1814 at Nalapani. Women marched shoulder to shoulder with men in the civil right movement of 1948. Women took active part in the democratic revolution of 1951 which overthrew the 104 year autocracy of the Rana family. Its goal was to overthrow the 104 years of Rana autocracy from Nepal. The first women organization the "Nepal Women Association" was established in 1948, it worked to inculcate political awareness among women.

After the fall of the Rana regime and dawn of democracy in 1951, political parties became active. Women's organization began to be affiliated with various political parties. During the thirty year rule (1960-1990) of the party-less Panchayat system, all political parties and independent women 5 organizations were banned. However, the left democratic forces continued their struggle against the suppressive political system. The communist organized peasants and workers to fight against the exploitative regime. Women came out in large number during the struggle for democracy. The All Nepal Women Association (ANWA) functioning under the party, was very active in organizing revolutionary women. It is during this period of struggle that ANWA established itself as a revolutionary wing of the party. Many members of ANWA were tortured by the rulers. The persistence in the struggle attracted women to

join the movement. The movement was successfully expanded throughout the country.

Also there were some sectoral women movements in existence against the feudal exploitation of landlord and Rana regime. But they were limited in coverage and could not take larger shape to include women from all over the nation. In order to understand the shaping of the movement, it is necessary to mention how the women's political and organized form of movement was connected with the political parties.

The first underground mass meeting of All Nepal Women Association was held in 1980. The gathering discussed and analyzed situation of the country, set goals and strategies of women struggle to achieve the women's rights and liberation. It formulated the long term and short term national policy and programme for the women struggle.

The period of eighties is the most active and important period for Nepalese women movement. The oppression from the then rulers was intolerable. Many women activists were jailed and tortured, more than 70 women activists were full-time underground and semi-underground activists. They developed thousands of activists who were over-ground, and they continued their underground activities. It played a crucial role in creating political awareness and played significant role in organizing women of different class, profession and strata. During its underground political training, the All Nepal Women Association equipped its cadre with true ideals in the struggles for political rights, social justice and economic equality. It also made best use of the 8th March International Women's Day (started since 1972, 8th march), and national festival such as Tiji (exclusive women festival) and Tihar (festival of light) celebrated each year for five days culminating the worshipping of brothers by sisters on the last day. On this day women folk gather at their parental houses, hence an opportunity to make best use of gathering.

ANWA organized its first National Conference in 1989 in underground way, second National Conference in 1992 and the third National Conference in 1995 with the theme "Social Security and Employment, Equal Rights in all Sectors". All members of ANWA and other women organizations cultivated a dream-a dream of new progressive and democratic Nepal where women participation in all walks of national life is ensured.

In spite of all these struggles, sacrifices and enthusiasm, women have been marginalized in politics as in any other sectors. The paternalistic structures of the family, society and the male-dominated political organizations gave little space to women. There exist a big gap between saying and doing, preaching and practicing about women's participation and leadership in Nepal.

Constitutionally, 5 percent seats of the total candidacy in the parliamentary election are reserved for women, in each political party. Recently the government has decided to provide 15 percent reservation in each VDC and Municipality. Altogether there are 4000 VDCs and 58 Municipalities and in each VDC there are 9 Wards (Unit). Each ward of the VDC will have 5 members including chairperson elected. Among four members one seat is reserved for women. There is a provision of Advisory Committee in VDC and municipality and participation of women is provisioned. Thus, at the local level altogether more than 120,000 women will be mobilized representing all parties. It is a welcome step forward to include women in politics at the local levels.

The position of women in civil service is also very bleak. While the 1990 High Level Administration Reform Commission gave suggestions to improve the situation, only 5 percent of the civil servants at officer level were women in 1992. National and international efforts have been made to bring multilateral and bilateral agencies for aid and assistance for women's cause. In spite of all these efforts, gender gap is still very wide. Inequalities are rampant in all fronts--cultural, social, economic, political and in education. Women have no separate identity of herself. They are identified in relation to her father, husband, son and grandson.

### **Women in the society**

The Patriarchal system is the root cause of social injustice in Nepal. Sons are preferred over daughters. Sons are considered economic insurance in old age. They carry the family name, perform death rituals and rites. Girls are considered as other's property to be given away in marriage. They are unwanted, neglected and overworked. They are seen as auxiliary contributors to the household. Thus, the women are caught in the corrupt circle of the family system of exploitation and deprivation. The socialization pattern of Nepalese society is very discriminative. From the childhood, boys are groomed towards productive work and decision making and girls are confined to an "inside world" conditioned to be home makers, dutiful wives, loving mothers and service providers. A

woman is subjected to the protection of man and has no mobility. Women are controlled by men and are considered as a property of men. Hence they do not have their own property. Even religion, education and rituals are denied to women. A women's life is not for her self.

Health status of Nepalese women is deplorable. Nepal is one of the three countries in the world where the life expectancy of women is lower than that of men. In Nepal 20 percent of pregnancies are said to be in the "high risk" category. Violence on girl-child and child prostitution is alarmingly increasing.

Trafficking of girls into India are increasing and of those trafficked 20 percent are minors under 16 years of age. The overall health condition is alarmingly poor in Nepal. The average life expectancy is 55.9 for males and 53.5 for females. Only 10 percent of the pregnant women get maternal service. The maternal mortality rate is 850 per 100,000 live birth. Average child bearing age among 40 percent of women is 15 to 19 years. The fertility rate is as high as 5.7. Women have been the focus of population policies and the main target for family planning and fertility control.

The girl malnutrition rate is double than that of boy under 5 years. 78 percent of rural women suffer by anaemia in the delivery period. 85 percent of women depend upon the traditional birth attendants instead of health post and hospital services. Even in the urban areas, the maternal mortality rate is 8.5 per 1000 but in rural and geographically distanced rural area the MMR is 15.4 per 1000.

### **Economic Status of Nepalese Women**

Nepal is an underdeveloped agricultural country with a per capita GDP of US \$ 202 (1994). Almost half of its population is below the poverty line. It ranks second among the poorest countries of the world. Studies have shown that women's contribution in the economy is large and significant with 57 percent of agricultural activities being carried out by women. They contribute about half of household income and work 11 hours a day. Despite women's substantial contributions both as cultivators and managers in the production process, all their labour is unnoticed, undervalued and unaccounted in the economy.

### Women as the workers

Women constitute a little over one-half of the Nepalese population. 95 percent of employed women are confined to agricultural work compared to 75 percent for men. Besides agriculture, women are again mostly confined to traditional jobs such as sewing and knitting. They are rarely engaged in professional and technical jobs. Very few are in community services, commerce, manufacture etc. Jobs are low-paid, requiring relatively simple skills. In the service sector, women are mostly engaged in teaching, health and financial institutions. Women lag far behind in the legal field and media service. Only 6 percent are found at officer level positions in the civil services.

Women in Nepal generally work for longer hours compared to men, and rural women devote much longer hours than urban women. His Majesty's Government of Nepal has fixed the minimum wage and salaries in the industrial and organized sectors without any gender discrimination but in practice such discrimination are noticed. Discrimination in organized sectors are more prominent.

Effective and in built participation of women in the development process, both as a producer and consumer of development output, has been accepted as a necessary condition for balanced, equitable and sustainable growth. But Nepalese women are yet to obtain such participation. In terms of labour force participation, women are behind men, are predominantly confined to agriculture, account for the majority of unpaid family workers, number predominantly among the unemployed and are heavily concentrated in low-paid jobs, The constraints against women's employment in industry can be summarized as follows,

- Women are poorly qualified or not suitably trained
- Protective legislation has acted as a deterrent to women's employment
- Women are prepared to work for lower wage
- Both women and men look upon women's income as supplementary
- There is no solidarity and no unions among women Women lack the collateral to become entrepreneurs, therefore have no access to
- They lack entrepreneurial knowledge

They have dual responsibilities and lack societal support credit loans or Ninety percent of the employed women are confined to agricultural activities where as it is less than seventy five percent in the case of men. Less than 6 percent of them are engaged in personal and community services, 2 percent are found in commerce and 1 percent in manufacturing. The employment of women in sectors

like electricity, gas and water, construction, transport and communication finance and business services is extremely low or negligible (table No.3). Economically Active Population (10 years and above) by Major Industry and sex 1991 (in percent)

**Table 1:** Occupational Structure of Women and Men (1991)

Occupation	Male	Female Total	Female as % of	Total
Professional technical Workers	2.5	0.7	1.8	15.1
Administrative Workers	0.4	0.1	0.3	9.3
Clerical Workers	1.6	0.3	1.1	10.0
Sales Workers	3.9	1.7	3.0	22.6
Service Workers	7.8	3.8	6.2	25.1
Farm/Fish Workers	74.7	90.4	81.0	45.1
Production Labour Workers	5.8	2.0	4.2	18.8
Others	3.0	0.8	2.1	15.8
Not Stated	0.3	0.2	0.3	35.9
Total	100.0	100.0	100.0	40.2

*Source: Population Census 1991*

**Table 2:** Women in the Labour force 1991

Describe	Male	Female	Total
1. Population(in '000)	9221	9270	18491
2. Labour force (Population aged 10 years and above in '000)	6445	6554	12999
3. Labour forces% of total people	69.9	70.7	70.3
4. Economically active population (Aged 10 years & above in '000)	4428	2982	7410
5. Labour force participation rate (4 as% of 2)	68.7	45.5	57.0
6. Economically inactive population (aged 10 years and above'000)	2017	3572	5589
7. 6as%of 2	31.3	54.5	43

*Source : Population Census 1991*

**Table 3:** Economically active population (10 years and above)  
by major industries and sex, 1991(in percent)

Industry	Male	Female Total	Female as % of	Total
Agriculture	74.9	90.5	81.2	45.0
Manufacturing	2.6	1.2	2.0	11.9
Construction	0.7	0.1	0.5	10.9
Commerce	4.5	2.0	3.5	23.7
Transport and communication	1.1	0.1	0.7	3.9
Finance and business services	0.4	0.1	0.3	13.4
Personal & community services	13.6	5.3	10.2	21.0
Others	0.6	0.1	0.4	6.7
Industry not stated	1.2	1.6	1.0	23.2
Total	100.0	100.0	100.0	40.4

*Source : Population Census 1991*

Women are facing problems created by government new economic policy of privatization and liberalization. The policy of privatization and liberalization is yet to show its full impact in Nepalese economy. Even then we expect to encounter the following problems in the field of women workers and employment in the days to come.

1. The employer may prefer men to women or unmarried to married one
2. Difference in salary of men and women may persist
3. Government may not be responsible for capacity building program for women
4. The dignity of women workers might erode as they will be treated as commodity by their employers.
5. Prostitution, sex tourism and sexual harassment will grow together with success of privatization and liberalization
6. Women will have to be restricted to low skilled and low paid jobs.

The new policy will reduce the opportunities for formal education and vocational training for upgrading the skills, with a result that women do not qualify for promotions, job up gradation and higher wage.



## **Education and Nepalese Women**

For a long time, education was a privilege for a few in Nepal. The first government school for girls opened in 1948 a year after the Civil Rights Movement. It was only in 1951 that education was gradually prompted throughout the country. The literacy rate in the country is 40 percent. Literacy rate among women is only 25 percent. In the schools the dropout and irregularity of girls are higher compared to that of boys.

Progress in the promotion of girls education has been made as a result of international women's year and the international women's decade. Several measures have been taken to augment girls education. Female teachers were appointed in each school. Nevertheless, education is yet to be effective in empowering women in Nepal. Education in Nepal is not yet linked with the lives of the people. Equality and empowerment of women is simply a lip-service.

## **Government Policy and Women's Advancement**

There has been some changes in the interests and attitudes of the policy planners after the change in the political system. However, the changes are not satisfactory and are still sectoral. A new ministry looking after women issues has been created. The ministry is to coordinate and further the policies and programs related to the women.

Women constitute half of the population in Nepal. Unless they participate fully in the nation building task, economic development of the country will not be possible. Taking this reality into account sectoral strategy and working policy were outlined in the eighth plan (1992-97), the first plan of fully democratic. The strategies to be followed as outlined in the plan are;

- Encouraging women's participation in traditional as well as non traditional sectors
- Extending access to be formal and non-formal education to women
- Adopting affirmative action in training program
- Increasing women's access to health facilities especially FP/MCH facilities
- Increasing women's access to credit, technical knowledge, entrepreneurship development programs, marketing facilities and employment opportunities

- Extending to rural areas those kinds of technological changes which reduce the time spend in gathering an fetching fuel fodder, water and household work
- Revising laws discriminatory to women

Though the government of Nepal started a policy on Women In Development (WID) since sixth five year plan (1980-85). The policy aimed to promote the status of women by recognizing women as development agent. The plans stressed on technical and non technical fields of training for women. The Women Training Centre was formed under the Ministry of Local Development (MOLD) for skill development of rural women. Of course there has been some changes in the interests and attitudes among politicians and policy makers. However the change is not overall satisfactory and still is sectoral. Women should be recognized as partner and not as subordinate to men. No doubt, the newly formed Ministry of Women and Social Welfare should take up a leading role in asserting this concept.

### **Girls trafficking and prostitution as major Social Problems of Women in Nepal**

In Nepal girls trafficking and prostitution problem are becoming similar to that of problems in Thailand, the Philippines, Sri Lanka and Taiwan. Over 200,000 Nepali girls/women are reported to be indulged into prostitution in India. It is said that between 5000 to 7000 young girls are trafficked to India annually; of which one-third are trafficked forcefully. According to the Indian Health Organization (IHO) 100,000 Nepali girls/women are working as prostitutes in Calcutta, Mumbai and New Delhi alone. IHO estimates that of the 15,000 prostitutes working in the state of Utter Pradesh, 12,000 are Nepali girls and women.

The Girls, sold against their will, are subjected to severe mental and physical torture. Most of the girls and women engaged in prostitution are usually from broken families while others come from poor families. Many innocent teenage girls are abducted or lured from their homes in the countryside and are forced into the job. They are either lured or deceived on fake promises and sold to the brothel houses in Indian cities by the middlemen. As such the Nepali girls/women are found serving as prostitutes in almost every city and towns of India and the practice is, unfortunately increasing. Intra-regional and Inter-regional trafficking has also increased rapidly as more and more people migrate to the cities. There are more than 5000 girls/women from surrounding countryside

working as prostitutes in Kathmandu and it is said that there are more than 200 brothels in Kathmandu city alone. Similarly, major market centres work as transit centres for ultimate trafficking into India. The East-west Highway is a fertile ground for prostitution which is being called commonly as highway prostitution. Some reports and investigations have revealed that large number of girls/women have been trafficked via carpet and garment factories. Many who fall victim are those destitute and helpless women who are neglected, abused and abandoned by their husbands and relatives. Many women belonging to lower castes are also made to be the victims.

No doubt the trafficking of girls/women to the urban areas of Nepal and to the brothels of foreign countries tell us a story of fraud exploitation, domination as well as despair frustration and poverty. We need to look beyond the facade of economic problems and try to come with the possible reasons within a larger cultural, historical and socio-political framework.

While the subjects of sex remains taboo in Nepalese society, prostitution has gained a big momentum. It is no longer limited to the traditional red light areas of Salyan, Pyuthan and Dang districts where the women of the "Badi" community adopt prostitution as profession. They adopt prostitution as a social practice. Under the "Deuki" system the girls are surrendered to temples by people by the way of religious gift or "Bhokal". The Deukies are not expected to marry and thus, they adopt prostitution as a means of livelihood when they grow up.

The Deuki system has been operating under the guise of religious and cultural beliefs. The cultural practice of Deuki system and Badi community have given way to socially recognized prostitution in Nepal.

In Nepal as banning of prostitution remains a matter of dispute, there can be no question on the urgent need to address the issue that force girls and women into the flesh trade. The immediate risk groups like the poor and ignorant girls in the countryside, girls children working in the carpet and garment factories and the children on the streets should be made the immediate target for protection activities. All the government and non government organizations and the conscious citizens need to act actively to abolish the practice of flesh trade.

Everybody should realize the gravity of the problem which is posing a big threat to a very fabric of Nepalese society. Everyone should work to contribute for the prevention and control of prostitution and girls trafficking. Well coordinated efforts need to be made in creating the congenial environment to discourage the sexual exploitation of women.

There should be an effective implementation of laws relating to trafficking of girls. Income and employment generating programs such as knitting, sewing, weaving, bamboo work, sericulture etc. are necessary so that economic status of women in the countryside, the fertile ground for the traffickers is bettered.

The profession of flesh trade can not be checked with the legal measures alone. Alternative means for survival are necessary. Both income generating activities as well as programs generating awareness are equally important in this respect.

Despite all the existing laws, the enforcement and the threat of AIDS, girls/women trafficking and prostitution still remain a growing problem in Nepal. Nevertheless, it is a matter of great satisfaction that since the last few years some of the NGO and INGOs have started taking keen interests on the issue of women trafficking and practice of forced prostitution in Nepal. Similarly, the international and United Nations agencies have also started creating an awareness against girls trafficking and immoral prostitution practices.

In the western and far western part of Nepal there is residue of slavery system called Karnaiya. The bonded labourers do not receive their full labour cost. They have to work free of charge for 15-18 hours/day. The system is spread in 5 districts of Kailali, Kanchanpur, Banke, Dang and Bardiya. In all these districts there is approximately 50 thousands Kamaiya. Generally women from Kamaiya family are required to work free for the landlord. Women under Kamaiya system are more exploited even than the Kamaiyas themselves. Physical and sexual abuse are common among Kamaiya women.

### **Global context of and its effect to Nepali Women**

In the present context globalization has inflicted its worse effect all over the world. Globalization is generally used to designate an aggregate of policy measures which seek to expand market relations on world level

and to enlarge the scope for the free movement of capital internationally. Some of the key components of globalizations are trade liberalization i.e. breakdown of tariff barriers, privatization of formerly public sector companies and the reduction of state intervention and the promotion of export oriented production for instance pf cash crops agriculture. In the countries of the south , such policies are generally imposed by WB. IMF , in the name of structural adjustment. while the ideology of globalization states that such polities serve to promote human welfare an increasingly large body of literature migration from rural areas and to a shift from secure to insecure forms of employment and production.

Under structural adjustment programmes, government world wide have been compelled to sell of public sector companies to the private sector, and such transfers to the private sector have frequently been accompanied but massive dismissals and the flexibilization of labour relations under structural adjustment and liberalization, workers loose various forms of minimal security previously provided by the state or state owned companies.

The declarations and programs of action adopted at the four global women's conferences held since 1975 have added important dimensions on the empowerment of women. The second global conference in Copenhagen in 1980 and the third one in Nairobi in 1985 contributed to the adoption of the advancement of women by the year 2000. Now the UN is working on the fourth phase of progress of women. All the four conferences have the message that no progress is possible without a full and equal participation of men and women. Although in many countries women remain most deprived, discriminated and powerless in most societies.

With this global context we should raise some pertinent points regarding Nepalese women's movement which will give the picture of Nepalese women, their social, cultural, economic and political status who are the threshold for the 21st century.

## **Conclusion**

From the mid 1980s women's movement in Nepal can be characterized in three distinct features. Firstly, women's movement was all activism. The role of academia was insignificant. But now there has been forging links between these two in a variety of ways in different fora,

conferences, conventions, and demonstrations. A strong belief among many groups has emerged that the struggle against gender inequalities can not be waged in isolation from struggle in many other fronts. Thirdly, the women's movement is not secluded within the country and is increasingly interconnected with the international women's movement. The four international conferences on women have been successful in bringing women's all over the world in common platform of action

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prepared by Sujita Shakya & Umesh Upadhyaya)*

## **Privatisation, Economic Liberalization and Impacts on Women Workers in Nepal**

Nepal is one of the least developed poorest country in the world. Our socio-economic life and hence the national life is largely dependent on agriculture. Of the total, 42 percent of the national income is being contributed by agriculture and almost 81% of the population is employed in this sector. However, agriculture itself is in a very miserable condition. It has become a way of life to majority of the population, but its fruitfulness is decreasing every year. Majority of women worker are in this sector, which their work been considered as unproductive work as most of them are unpaid family workers.

Nepal's per capita income also very low, that is only US. \$ 202. Almost fifty three percent people are below the poverty line. Nepal is in early stage of industrial development. The share of the manufacturing sector to GDP was 9 percent in 1994, lowest in South Asia. Manufacturing sector provides employment to only 1.6 percent of the total population.

Considerable number of women in industrial sector is involved in hand knitting of woollen carpets and ready-made garments, which are the major convertible currency earning products of Nepal. Women participation in garbage cleaners, hotel, tea plantation is also very high. Similarly tourism and service industries like trekking, mountaineering, river rafting, hotel, motel, jungle resort are also the considerable source of foreign currency, very few women are involved in this sector.

In other manufacturing sectors, women workers' participation is comparatively low in number such as food processing, seeds, jute, cotton, sugar, cigarettes, matches, breweries, distilleries, paper, leather, cement, plywood, cottage and handicraft products.

In spite of these things, chemical fertilizers, medicines, pesticides, raw materials of assembling industries, office and educational materials, transport vehicles and petroleum products are major import items.

In the past, governments encouraged industries that had no direct relation with national requirements to generate employment and income. The policies adopted by various governments resulted in mushroom growth of assembling industries, which, in fact, could not support to accelerate the pace of industrialization.

In Nepal, the liberalization and privatization policies were initiated with the implementation of economic stabilization and structural Adjustment programme in 1985/86 and 1986/87 respectively. But these policies were pursued more forcefully during the period of the Nepali Congress government, which came to power after the general election in 1991, it implemented the economic liberalization programmes, with predominant emphasis on privatization and price dictated market policies in line suggested by the world Bank and the IMF. After the adoption of these policies, a new industrial policy was formulated by abolishing the licensing system, which gives priority to the promotion of export oriented industries and subsidies on fertilizer, essential goods and services were reduced drastically. Similarly, prices of several public utility services and petroleum products were increased several times. Six public enterprises were already sold to individuals despite the fact that, most of them were operating on profit. The labour retrenchment policy was adopted without adequate facilities to workers, who were forcefully terminated from their jobs.

Existing coalition government has intensified the same policy with further emphasis. Women are the most vulnerable among the total work force. Women have been deprived from the beginning of their life from the fundamental human rights, that is, educational, health, nutrition etc. To get job is like a sweet dream of the women. If she is unmarried she can not get job opportunities due to the uncertainties of future life after marriage. In employers' opinion, they may give off the job, right after the marriage or she will be pregnant and give birth they. Also employers think that it is another heavier burden for their company, after forty they will not remain energetic, to give the job opportunities to the women are always risky and un-profitable to the owner. In this way there are several discriminations within men and women in the workforce. Since 8-10 year



onward none of the women has been employed in Balaju-industrial area, similar experiences in other industrial area has been visualized..

### **Social and labour structure**

Nepal has a 40 percent of literacy rate, which means more than 60 percent of population are illiterate. The majority portion of population lives in rural area, engaged in peasantry as agri-labour and small farmer. Only a small portion of uneducated population are employed in industrial sector as industrial workers. A big portion of educated population is accommodated in teaching profession, civil services, tourism and service industries.

During recent years, a trend of overseas employment has been increasing. Nepalese migrant labourers are mainly distributed among Middle East countries, South Korea, Hong Kong and Japan along with India where millions of Nepalese labourers are working because of open border system between Nepal and India.

The government and public sectors have been providing most of the services and facilities to their employees, what related acts have provisioned. But in private sector, situation is different. Employers always violate the legal provisions and criterias.

### **Labour force participation rate**

In general women have access in income, wealth and modern avenues of employment. This is partially due to their limited access to education and information ad partial due to traditional view of general public about women's activities. Besides this, the everyday tasks of family life in rural areas throughout the country involve women in labour intensive farm work and time consuming domestic chores to provide fuel, water and food for their children and other household members. very little time is left for activities with potentially higher economic returns, or to contribute the direct economic development of the country.

Formal economy do not include so called women specific activities like water and fuel collection, kitchen gardening, child care and small manufacturing inside home. Such activities, indirectly, contribute a lion's share in incomes of the households though it is not easy to compute its share in terms of value. In absence of reliable data in this regard, this section on the censuses and surveys carried out in the country.

The total active labour force as recorded by the 1991 census is 7340 thousands of which 4376 thousands are males and 2964 thousands females. Compare to 1981, the absolute number of males in the active labour force decreased by 2.3 percent whereas that of females increased by 25 percent

**Table 1:** Economically active population by sex compared

Year	1981	1991
Male	65.4	59.6
Female	34.6	40.4

In 1991, the proportion of women engaged in any occupation other than agriculture accounted for less than 10 percent, the corresponding percentage for males being more than 25 percent. The proportion of women in administration was almost negligible(0.1 percent) and less than one percent in professional/Technical(0.7 percent).

**Table 2:** Sex-wise distribution labour force in top five occupations, 1991

Occupation	Male	Female
Agriculture	54.9	45.5
Service	74.9	25.1
Production	81.2	18.8
Sales	77.4	22.6
Prof. technical	84.9	15.1

The relationship between the level of education and occupation of employed people is highly positive. Employment in agricultural occupation do not demand for education and better skills whereas white collar occupations demand for highest education and better skills. White collar jobs are highly paid compare to jobs in agriculture and these jobs accord higher prestige than any other occupations. Next to white collar jobs, job in other occupation are considered to be prestigious. In view of these consideration, one can easily expert that people with little or no education to be concentrated in agricultural occupation and people with some or higher education to prefer white collar occupation and other occupations.

Of the total illiterate population, nearly 87 percent were in the agricultural occupation, around 8 percent in other occupations and less than 2 percent in white collar occupations. As against this 69.4 percent

of the total literate population were in agricultural occupation, 13.7 percent in other occupation and 16.9 percent in other occupation.

### **Problems of Women Workers and Trade Union Response**

It is well known that the condition of female workers in miserable in Nepal. Because of existing social system, women workers have also been victimized by the discriminations imposed on the female from their birth. The traditional concepts like 'May it be delayed, but, let it be a son' reflect how women are treated in our society. So the contemporary women-movement of our country has rightly put all kinds of exploitation, child marriage, Polygamy etc. In their hot-list including parental property rights, gender discrimination and sex trade. On the other hand, national trade union movement has always raised voice on equal opportunity for education, capacity development and promotion, equal remuneration, sexual harassment and rapes, nights-shift work, maternity leave and mother-child welfare, baby care centre, workplace conditions etc. as major issues concerning women workers.

In fact, the problems of Nepalese women workers include both types of issues. Our labour policies have to emphasize the issue of 'equal remuneration' for women workers. Both types of thinking - one, humiliating tendency and the other, over emphasis on protection are the outcome of the assumption that women are comparatively inferior in every field, so we feel an urgent need to wash it off the outlook of the society. "Equal wage for similar jobs" has to be associated with the efforts to increase productivity and efficiency of the women workers. Absolute equality has to be made common in minimum wage on the basis of working hours. Fair wage and incentive earnings have to be based on their productivity and efficiency. For this technical and skill development training have to be provide without discrimination so that they could get opportunity with high competitiveness in all types of works.

Moreover, other issues concerning women workers have to be solved in scientific manner. For women workers, our trade union movement ought to have concentration on the demands for those facilities which have already been used by women from other class-origin movement can't work for the solution of the social problems faced by the female mass. In order to tackle the problems of the women workers, working women from various industries and occupations have been organized under Central Women Workers' Department. Our aim is to enhance

leadership capabilities and develop them as trade union leaders. We are of the opinion that occupational problems of women workers have to be solved through this department and the concerned trade union while for the problems concerning the entire mass of the female, joint effort with country's women movement will be effective. Such as All Nepal Women Association, main stream of the national .

*( Country Report presented in programme organised by Committee for Asian Women (CAW), Dhaka Bangladesh, October 24 - 31, 1996; prepared by Umesb Upadhyaya and Bishnu Rimal)*



# 4

## Informal Economy

## Informal Economy New Challenges for Trade Unions

*by Bishnu Rimal*

### The Conceptual Frame

There is no universal definition of Informal Sector. Generally, we only discuss on more visible segments of economic activities as informal sector. However, there is a limitless boundary of informal sector in modern world. Moreover, it is a hidden segment of economic activity with a vast number of labour force.

Many authors have often defined informal sector in a negative sense. To them, those are informal labourers who are not in "formal" sector, not protected by any labour law, not in formal 'employee-employer relationship' and not getting any benefits entitled to them as employee. Besides, they are hardly recognized as a labourers who are not included in the 'economic statistics'. Based on this argument, workers in Informal economy are termed neither **Blue** nor **White** collars; they are recognised as '**No-Collar**' workers.

On the contrary, one of the Nepali scholars Dev Raj Dahal argues, "The benefits of informal economy are always underestimated despite its meaningful contribution to the livelihoods of the poor people. Obviously, informal sector continues to grow in direct proportion to the decline of formal economy. New technology tends to marginalize once formal economy by expanding the space of new economy. In Nepal, its contribution to national economy is more than fifty percent."

The informal sector is not disassociated from the formal sector. There exists a certain type of interdependence through backward or forward production linkages with formal enterprises and through contract of labour or services.

As a home for large number of workers, we shouldn't forget that Asia is the home for the **workers in Informal** sector as well.



## Informal Sector in Nepal

As in other developed and developing world, Nepal's informal sector also has been divided into two major parts. They are: Rural Informal Sector and Urban Informal Sector.

Among the Nepal's informal sector, agriculture is the single largest sector. In agriculture, there are two main divisions. The worker who works on yearly wage or cultivates small piece of land as a tenant or somehow self-employed agricultural worker comes under the first category. Mainly wage labourers in agriculture, who perform their work in daily wage or monthly or yearly basis fall within the second category. The word Hali (those who plough the land), Gothala (the cattle herders) and Khetala (daily wage labourers) denote such workers in this connection. The former Kamaiya<sup>1</sup> of western Nepal also became part of this category after official liberation.

Out of this number, about 81 per cent is active only in agriculture. Apart from the peasants and the non-wage agricultural workers, there are two categories of agricultural wage labourers. The first covers those wage labourers whose means of survival is only their wage; whereas the second category covers those whose means of livelihood is the wage and their self employment. It is estimated that there are 2 Million wage labourers in Nepalese agriculture, where 500,000 families are landless. These families cover 1 million workers. Of the total labour force 8.779 millions, only 7-10 per cent are in formal segments. Thus, it indicates that the remaining number of total labour force is in informal sector.

Non-agricultural rural informal sector includes various establishment of traditional and non-traditional cottage industries<sup>2</sup>. Because of the heavy

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<sup>1</sup> *Kamaiya, a Nepali terminology denotes those bonded labourers in Agricultural sector of Western Nepal. They have been officially declared free on July 17, 2002.*

<sup>2</sup> The traditional cottage industries in Nepal are: hand loom, pedal loom, semi-automatic loom, wrapping, dyeing, printing, sewing, knitting, local carpet, woollen-carpet, pashmina, woollen garment, carpentry, wooden handicraft, bamboo and cane goods, materials made from natural fibers, hand made paper, gold, silver, brass, copper work and ornaments, image making, precious and semi-precious stones, honey, big cardamom processing, pottery, leather cutting, drying and village tanning and leather works, jute, babio choya and goods from cotton thread, leather goods, artistic goods from bones and horns, stone carving, stone studded metal goods, painting, pauwa, batik, materials made from hand made paper, dolls, toys and stone studded metal filigree commodities.



underemployment and disguised unemployment, agricultural workers normally work in non-agricultural sectors too.

Due to Nepal's geo-political condition, the urban informal sector is not so large. It includes mainly non-agricultural activities. Major portion of the labour force in this sector is active as "self-employed" workers.

In summary, based on the nature of work, informal sector in Nepal can be classified as rural and urban. An **ILO publication** entitled **The Informal Economy & Workers in Nepal** has specified this classification as follows:

1. **Farm and farm related:** self employed, very small land holders, landless farm workers, tillers, cattle herders, former Kamaiyas, Haliyas, daily wage workers, exchange labour under *parma*<sup>3</sup> tradition and non registered large segment of economic activities concerning livestock, poultry, kitchen –gardening' dairy, fisheries, sericulture, bee farming
2. **Trading:** Street Vendors, Hawkers related to different products including very small traders
3. **Craft-workers:** Related to clay, metal, bamboo, wood and others
4. **Construction:** Normally daily wage workers related to building, wood work, road, stone quarrying, brick kiln
5. **Transport:** Porters, cleaners, Khalasi, loader, Rickshaw pullers, auto-mechanics and helpers
6. **Micro enterprises:** Family based enterprises workers in various types of production and services
7. **Other services:** Barbers, cobblers, tailors, blacksmith, traditional entertainers

It is to be noted that construction is the second largest sector where workers are scattered both in rural and urban informal sectors.

Nepali informal sector is often considered as a female dominated sector, which absorbs a big number of women workers. Data indicates that , 94 per cent of the total female labour force is active in rural areas . Among

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<sup>3</sup> *Exchange labour system in Nepal*

them, 91 per cent are engaged in agriculture, whereas only 4 per cent of the female labour force is in the formal sector.

Nepal has a severe problem of underemployment rather than unemployment. Of the total population, 35 per cent are getting jobs for only 7 months. As estimated by the Ninth Plan, out of the total labour force of Nepal, only 46 per cent are well employed, where 14 per cent are totally unemployed and 40 per cent are under-employed. As for instance, if a construction labourer gets job for 2 months, s/he has to wait about one month in the mean time. In this way, it is the informal sector which is badly affected by underemployment.

### **Informal sector, Its trend & magnitude**

Though Nepal has a vast area of informal sector traditionally, even the formal sector is being converted into informal these days. The effects of globalization including casual labour, contract labour, home based work etc. can be visualized in our organised sector. The Multinational Companies are in search of "cheapest means of production". To their convenience, if the work of organised sector can be performed in an informal way, it would be "cheap and easy". The company can save the cost of building, machine, wage and various benefits of the workers. In this way, an employer gets clean cheat for unfair labour practice practically and escapes from labour laws.

This trend has been intensified not only in Asia-Pacific, it is a common phenomenon in Europe and America nowadays. A painful condition of non-registered hundreds of thousands garment workers is a bitter reality in the labour market of the most developed country.

The Australian construction industry, once most defamed informal sector in the world, can be referred in this connection. A romanticised notion that "informal sector worker is an entrepreneur and breaking away from formal work structures" has been recognized here practically as well as legally. In Australia, any worker should sign an 'individual contract' prior to be an employee. For this, the worker should register a fake private company in government entity and should submit its certificate to the principal employer. During the time of labour disputes, the principal employer denies to recognize the employee as company's employee based upon this reality. In this way, the principal employer declines from his/her responsibility. Defamed as Bogus Contract, this

process has informalised the workers within the formal labour market in Australia and the Pacific.

"Workers are not a commodity of market!" This statement is being propagated for long. Either in political philosophy (through Marxism) or by the declaration of International Labour Organisation (ILO), this statement has been endorsed by everybody. But our labour market practice is just opposite.

In India, as a '**Mandi**' (market) of daily consumption goods, the Mandi of labourers is also in practice. Those who need labour, go to the Mandi, fix wages after bargaining and hire the labourers for a fixed period of a few days or for a fixed work.

This trend has already been started in Nepali labour market. too. Here it is getting bit '**modern**' dimension. Take an example- though **pager** was considered as a 'fancy' equipment among the Kathmanduties even 5 years back; in some places of Kathmandu, it is being distributed among the local *Bhariyas* (the individual load carrier) from the wholesalers, big furniture shops, hardware sellers etc. aiming that they would be tied-up with their respective shops in necessary. Through this **new** technology, the employers are enjoying 'flexibility' – when customers come, they Paged to the *Bhariyas* --- settle dealings. The Bhariya themselves identify telephone number which *Shahuji* (the shop-keepers) is calling him. Poor Bhariya unknowingly fell down the trap; s/he who was paid regularly earlier now automatically turned into casual labourers!

The Nepali Carpet industry can also be taken as an example. The workers of carpet industry which consumes more labourers seldom recognize their principal employer. A contractor often drives out them in group from rural areas. He himself fixes the price by head counting and receives cash advance by the employer. The poor worker never knows what is the exact wage of his labour. The contractor exploits them until harmonious relationships continue with the employer. The next day either if relationship turns into 'cold' or he gets more cash advance by another employer, he betrays to the former one and drives out the group of workers without any notice. Because of this trend of the labour market, the formal sector's industry like carpet is being transformed towards heavy informalisation. Industry itself as a result, is operating under an unstable position.

Outsourcing and 'Fabrication' of work in Nepali garment industry has taken place since its establishment. It has been creating a 'Satellite' in the informal sector. When workers start to be organised in the industry, contract system gets entrance. With an illusion that the non-Nepali workers are "efficient and productive", our garment industry nourishes them with a high pay. But on the other hand, it is blamed with prejudices to the Nepali workers that they are "less committed & competent to their job". It has even fueled the labour disputes by not adding single penny on declared minimum facilities. The controversial demands of our garment industry (rights of hire and fire of the workers in a reference of liberalized market economy and more privilege than other organized industry in reference of its export oriented nature) is the product of such defective employment strategy.

Among the organised service industry, informalisation of work is taking place in hotel and restaurant sector. "Recruitment of labour by labour suppliers is easy and secure!", the idea set by the star hotels is a latest example in this regard. Besides, the textile, jute, cigarette, etc.; industries are the examples which are changing from formal to informal by the introduction of contract labour. In this way, Nepal's labour market is facing an additional complication.

### **Challenges and issues**

As stated above, informal labour is an unprotected labour. Poverty and underemployment have compelled them to work in whatever terms and condition. The National Living Standard Survey (NLSS) carried out in 1995/6 has shown 42 percent Nepali people below the poverty line. The government assessment at the end of the Ninth Plan confirms it at 38 percent.

Official statistics show a reduction in poverty, however evaluating the poverty situation on the basis of the global standard of earning US\$1 a day shows that 53 percent Nepalis are below the poverty line.

**Table 1:** exhibits working-time and purchasing capacity of the workers analysed on the basis of **International Metal Federation**. This table however indicates a **magnitude of poverty of Nepali workers** which manifests gaps between developed, developing & underdeveloped world.

SN	Commodity	Unit	Working time to purchase (In hours & minutes)				
			Nepal	India	China	Japan	USA
1	Rice	1 kg	1hr 33	0 hr 28.5	0 hr 22	0 hr 13.5	0 hr 5
2	Potato	1 kg	0 hr 41	0 hr 9.5	0 hr 22.5	0 hr 9.5	0 hr 4
3	Sugar	1 kg	2 hr 25	0 hr 27	0 hr 14	0 hr 7.5	0 hr 4
4	Milk	1 ltr	1 hr 43	0 hr 25.5	0 hr 33.5	0 hr 7	0 hr 3.5
5	Cooking Oil	1 ltr	5 hr 12	1 hr 19	0 hr 49	0 hr 12	0 hr 10.5
6	Shoes	1 set	17 hr 20	15 hr 51	8 hr 23	7 hr 42	4 hr 25
7	Women Dress	1 set	26 hr 1	14 hr 32	12 hr 34	22 hr 11	5 hr 54
8	Male Suit	1 set	346 hr 55	58 hr 9	75 hr 25	30 hr 47	14 hr 45
9	Radio	1 pc	43 hr 22	39 hr 38	15 hr 5	6 hr 9	3 hr 41
10	Colour TV	1 pc	1387 hr 40	396 hr 25	82 hr 47	19 hr 15	14 hr 45
11	Car	1 pc	43365 hr 8	7928 hr 7	4818 hr 10	1159 hr 33.5	1327 hr 44

Illiteracy and the resultant ignorance is another big problem in this sector. There is a “harmonious relationship” between our society dominated by the social conservatism and the unaware informal sector’s labour force. This is a hindrance in our progress.

Informal labour has been scattered here and there. Because of its scattered nature, it is extremely difficult to organize them. Moreover, after the implementation of the liberalization policy, the terms and conditions of contract labour system has further scattered them.

Contractual arrangement of work often recruits labour through the individual contact rather than by public vacancy announcement. It does not follow any legal formality. Even the employer denies to offer appointment letter. The number of employer in informal sector is registered nowhere and the employees perform their job just in an informal understanding. Due to the lack of legal proof during the time of labour disputes, workers are often sidelined and kicked out of the job in an inhumane manner. Thus, “job security” is an unimaginable notion to them.

On the one hand, employers always escape safely by using legal loopholes, and on the other, because of weak legal ground, workers

themselves do not expect any legal treatment. Further, the employers and the contractors have been employing workers from their own native places. Some of the workers have found such jobs by “**source-force**” from their respected honourables. Because of such psychological factor, workers hesitate to complain against exploitation of cunning employers.

There is a contrast between problems of formal and informal sectors. Thus, the experience gained by unions in the formal sector is not sufficient. Normally, the grievances of informal sector are hardly solved by dealing with a single employer. We have encountered so many incidents that the workers have frequently changed their employers for benefits. And, the principal employers have changed different contractors to escape from the legal formalities. We have witnessed various incidents when legal provisions were misused even by the formal sector.

Labour migration and heavy influx of foreign migrant labour is another big problem of the formal sector. An open border with India and privilege to Indian citizens to get any type of work has displaced remarkable number of Nepali workers. Access of Indian Migrants from Terai to High Mountain ranging from street vendor to skilled labour indicates the magnitude of its seriousness.

In addition to this, there are crucial challenges such as **mismatch** between **Demand** and **Supply side** of Nepali Labour Market. For instance, in demand side there is an Informal Sector roughly covers 90 per cent and Downsizing formal sector. On the contrary, in supply side- the annual labour force growth rate estimated as 3 per cent gives 300,000 new job seekers entering into our labour market every year. They are generally Illiterate/unskilled, based on Agricultural background. Thus mismatch is Scarcity amid plenty and in various points Unemployment/Underemployment, Foreign Migration and heavily Brain-drain. Due to the violent conflict launched for the past 10 years,, internal displacement is also creating some crucial challenges.

**Gender Issue** is an alarming issue in the Informal Economy. Theoretically gender division of the society is a **social division** which has divided working class based on sex; thus a poor male worker subordinates capitalist system to exploit poor female comrade. Known as patriarchy, this value has resulted number of challenges in labour market, which can be summarised as follows:

- Women hold fewer formal jobs, they are largely in informal sector compared to men
- Women are discriminated in getting opportunity including employment, education, training, promotion and right to get property
- Women are getting jobs mostly in those workplaces where working condition is vulnerable
- Women are heavily discriminated in terms of wages compared to men
- There is sexual harassment in workplace and in the society against women

In Nepal's specificities, **Dalit<sup>4</sup> labour relation** in informal sector is also a key challenge.

### **Union's Strategy: Our experience for sharing**

GEFONT has taken various initiatives to address informal sector since its inception. Through its various National Federations different activities have been carried out. Following is the summary in brief:

**Transportation:** Independent Transport Workers' Association of Nepal (**ITWAN**) is providing various kinds of services to its members since its establishment in 1979. Members' financial contribution and various services of organizations are the basic features of the ITWAN work. It has started welfare programmes when there were no insurance schemes in Vehicular accidents. Through the Welfare Fund, ITWAN started providing assistance to the workers covering transportation field.

ITWAN has wide areas of activities . It organises activities similar like other trade unions from the membership dues, however it collects dues separately every day in order to provide assistance for health and safety and post-accidents care. Obviously the ITWAN does not spend this special due for other area of activities.

The ITWAN collects such dues in 109 places throughout the country. The rate of dues varies depending on vehicle and distance it travels. In this process, ITWAN collects about NRs. 26,419 everyday. Monthly income thus comes to be about NRs. 792,440. The expenditure of the Union is also quite remarkable. There are several headings of expenses such as **Police custody**

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<sup>4</sup> Dalit are considered 'untouchable' persons under Hindu religious social division

**allowances, medical** allowances, assistance to family in **death, accidental** costs of the members, **legal assistance** expenditure etc. **Contingency** cost is also provided by ITWAN, which includes token assistance to **dismissed** workers, **hospital** allowances, **sickness benefits**, passenger treatment cost, assistance to seriously injured and **disabled** cost etc.

**'No drivers and the transport workers would spend single night in Jail'**- this slogan is popular among the ITWAN members. It means all of the legal & procedural treatment has been provided by the union itself in case of incident. This became the departure point to organise transport workers in our experience.

**Agriculture:** The very slogan **'let's make slave --- poor'** was propagated since 1994 in order to organise and liberate Bonded agricultural workers known as *Kamaiya*. First, people questioned saying us- 'what's a funny demand!' Slowly they understand difference between **Enslave Kamaiya** & the free **poor**. Following days was totally concentrated to liberate Kamaiya from the slavery, we formed new organisation separately known as **Kamaiya Liberation Form, Nepal**. Then after it became a dynamic engine inside the **Kamaiya Concerned Group (KCG)**- the group consisted with all of the NGOs, INGOs, Govt. organisations, donor institution including ILO and the people's organisation working in the field of Kamaiya. This initiatives pressurised all of the social actors and in 1999 **Trade Union Act** was amended providing right to form union to the **Agricultural Labourers**. Thus, GEFONT launched a **giant** Federation with 75, 000 membership- Federation of Agricultural Workers, Nepal (**FAWN**). It was pioneer union in this field which ultimately could open a new horizon. National minimum wage for Agricultural labourers declared for the first time in 2000. Bonded Kamaiya were declared free by the Parliament In July 17, 2002. Further new law to prohibit bonded labour has been enacted.

Thanks to the co-operation extended by the Italian social partners- particularly the trade unions, they extended their financial support through ILO/ISPI/IPEC project in order to carry out non-formal & formal education to the Kamaiya family, capacity building of union to organise. Similar assistance was extended by ILO then after as well under its declaration programme. Recently GEFONT has launched Health Micro-Insurance Scheme to protect families of former bonded labourers. We are even launching 4-years long participatory research in collaboration with **Anti-Slavery International** to identify the socio-



political dimension of bondage and good practices conducted by various organisations.

**Construction:** Challenging negative nature of labour-*mandi* in construction sector, GEFONT **affiliate in construction industry-CUPPEC-Nepal** has also developed new labour meeting place to deal with informal employer. In Kathmandu and few more places in the country, everyday early in the morning the workers with their leaders in respective branch converge in this fixed meeting place. They deal collectively with various individual employers who need labour on that day. Those who remain with no jobs for the day participate in urgent union activities or they go back. Some times they make rotation or some times they allocate job to the most needy comrades. If any employer cheats to any person, they invite him/her in the union central office and settle the outstanding dues formally. In absence of eligible law, some time they also forward case to the Government Administration office.

Nowadays, CUPPEC is launching **study circle** for workers education programme to the construction workers. Thanks to the LO/TCO assistance through IFBWW where CUPPEC is developing **organising capacity**. As an affiliate federation of IFBWW, CUPPEC no doubt has been successful to expand its membership tremendously.

Similarly, other workers affiliated to the sector such as **Auto-mechanics, Trekking-rafting-porters, Street Vendors** are also using various strategies. Nepal Auto- mechanics Trade Union (**NATU**) has introduced uniformity in Rates to repair and asked weekend **holiday** followed by **saving-credit schemes** in order to attract new members. Trekking workers Union (**UNITRAV**) is facilitating with agencies for the life insurance of porter, guide, trekkers and Himalaya climbers. Newly launched federation- **Street Vendors' Union** is confronting with local governmental authorities to find out safe place to sell their items and searching way out to protect their members from the harassment. They are working through their informal type of cooperatives to protect their members.

## Conclusion

Informal sector is not an isolated sector; it has interdependence with the formal sector. That's why, it is not only surviving, but also increasing day by day. The word 'informal' has already demanded that we should change it into 'formal' form.

For this, the state should take an initiation first. Country like Nepal, where more than 90 per cent labour force is in informal sector, institutional development of labour force cannot be expected without bringing it into formal boundary. That's why, there should be appropriate legal provision to cover all informal sector.

Agricultural sector, which covers 66 per cent of total labour force has been still ignored to increase productivity of agriculture, right to organize and collectively bargain for agricultural worker should be guaranteed. Besides, land reform should be the major agenda in our policy. We should seek negative lesson by previous reform activities in this regard.

Labour market is rapidly feminising day by day. Keeping it in mind, a comprehensive perspective package should be prepared to empower women economically. In order to bring gender in mainstream, Nepali Trade Union movement has formed a net-work popularly known as Trade Union Committee for Gender Equality Promotion (**TUC-GEP**). It has finalised 10-point gender agendas at workplace.

Employment should be the first economic objective for Nepal. Expert opinion is that, an employment target should not be less than 3 per cent to meet such objectives. To generate employment and to attract direct foreign investment, an additional and interlinked policies should be pursued.

Open border with India should be regularized to protect Nepali labour displacement by the heavy flow of Indian Migrant labour. Nation should be saved by brain drain and skill drain.

Informal sector workers can be protected by proper package of social security. Now trade union movement is engaging with employers' organisation on 7-point agenda for labour law reform; where unions are trying to equate **social security** in exchange of employers demand of **labour market flexibility**.

These days, working condition in informal sector has been deteriorating rapidly. The condition is further worst in Terai region. Planners say, the choice for Nepal is "Now or Never". It cannot be denied that it will create new challenges if Nation would go on 'low-wage strategy' based on 'low-level of productivity.' It would be a short-sighted approach which will ultimately increase poverty only.

Job creation and the direct foreign investment is a great concern both for the formal as well as informal sectors. It is obvious that there is less possibility of foreign investment if they feel 'means of production in Nepal is not cheap'. On the other hand it would be great mistake if we try to destroy rampant structure and permit to limit labour right for foreign investment. It is a dilemma and it is also a reality.

In summary basic four issues are to be addressed by policies & programmes such as **issue of livelihood, issues of labour right, issue of gainful employment and issue of social protection.** Welfare approach from government and right based approach from Trade Unions should be matched & exploitative feudal attitudes of employers have to be changed.

However, currently, Nepal is facing a serious crisis due to triangular conflict among the political forces. Though it is not a **failed state**, however Nepal is seriously torn-up due to violent insurgency. Thus, basic question for Nepal is how to trade-off peace & bring back in track to the derailed democracy! This will ultimately direct most of the complex issue to solve.

*(Presented in LO/TCO Seminar- **The Informal Economy**, Oct 20, 2004, Sweden)*

## Women in Informal Employment: The Case of Nepal

*By Umesh Upadhyaya*

### **Women in the formal and informal sectors**

The involvement and contribution of women workers in various sectors of work as one-half of the entire population is highly significant in every country. However, the recognition and accounting of their contribution differs from place to place and country to country. The recognition and accounting as such also differs in accordance with the nature of work visibly in the modern formal sectors in comparison to traditional informal as well as agricultural sectors. In addition, rural–urban differences of treatment at workplace also create differences in the degree of recognition and accounting. The case of Nepal is not an exception to this reality.

Informal sector in Nepal consists of all unorganized industrial and craft works, construction, garbage cleaning, forest product works, animal product works, agricultural works and various informal services, which cover:

- Workers in enterprises employing less than 10 workers
- Economic activities of self employed families – agriculture, services and various family businesses
- Wage workers outside the enterprise structure – daily wage contract or long-time contract or work contract
- Factory associated home based workers

The largest is non-wage family work mainly in agriculture followed by Self employed non agricultural production and services. The third position is of Daily wage workers followed by piece rate workers and long-time contract workers

Poor households are engaged in the informal sector. Within the informal sector, too, high-yielding activities are covered by men and low income

activities are left for women. So gender gap in income is naturally high in the informal sectors compared to that in the formal sector

Various categories of informal sector women workers in Nepal are as follows:

- Self employed individual women workers – price earners
- Casual daily wage women workers
- Piece rate wage - workers under sub contracting
- Attached to male workers – joint wage conditions and unpaid helpers
- Unpaid family workers of self employed families and family businesses

Out of a total economically active age population of 11.2 millions, altogether 9.6 millions have been found active in the labour market. But currently employed work force as revealed by the National Labour Force Survey 1998/99 is altogether 9.4 millions.

While analyzing the total employed labour force of Nepal, Agriculture is the major one covering 76 per cent as the single largest sector of employment. Previously, the coverage of agriculture in comparison was 81 per cent of the workforce as reported by the population census of 1981. The currently available statistics show that 85.19 per cent of the total female workforce compared to 67.06 per cent of the total male work force is engaged in agriculture. On the other hand, Presence of women in non-agricultural formal sector seems just a token presence of 2 per cent of the total female work force, whereas it is considerable (12.8%) in non agricultural informal sector.

**Table 1:** Women by sectors of work (in '000)

Sector	Total	Male	Female
Agriculture	7203(76%)	3176(67.06)	4027(85.19)
Non-Agri Informal	1657(17.5)	1052(22.21)	605(12.8)
Non-Agri Formal	603(6.5)	509(10.75)	94(1.99)

*(Source: NLFS 1998/99)*

Total agricultural work force is a sum up of market agriculture and subsistence agriculture. If we exclude the market agriculture workforce from total agriculture workforce and add it to formal sector to take it in a broader sense, the picture will be a little different. Thus, from NLFS

statistics, if we add market agriculture to formal sector and the rest of agriculture to informal sector, the picture will be as follows:

**Table 2:** Women workers in Formal & Informal Sector (in '000)

Work Force	Broad Formal	Broad informal
Total	879 (9.28%)	8584 (90.78)
Male	655 (13.83%)	4082 (86.17%)
Female	224 (4.73%)	4502 (95.27%)

Source: *Calculation Based on NLF5, 1998/99*

Total workforce in the formal sector in a broader sense is 9.28 per cent and overwhelming majority of 90.78 per cent is engaged in informal sector. Looking from gender perspective, 13.83 per cent of male workers work in the formal sector in comparison to a mere 4.73 per cent of female workers. The informal sector coverage is very important in the sense that 95.27 per cent of women workers are engaged in the informal sectors of employment greater than that of male workers, which is 86.17 per cent.

### Women in wage employment and self employment

In accordance with the socio-economic condition and the phase of development, women involvement differs in comparison to the male workers. As our society is still dominated by feudal socio-economic relations, the proportion of women in paid work is less, whereas that of women as unpaid family workers is very high. On the other hand, the number of self-employed women workers also seems low in comparison to males. It is because of the fact that activities of males are counted and those of females are hardly counted to that extent. Therefore, merely around 8 per cent of the female labour force is in paid employment and 29 per cent as self employed, but a high majority of altogether higher than 63 per cent of the total female labour force are working under the status of unpaid family workers including of course as the attached labour to their male members of the family working on wage elsewhere.

**Table 3:** Women participation by type of labour (in '000)

Type of work	Total	Male	Female
Total labour force	9463	4736	4727
Paid	1517(16%)	1153(24.3)	365(7.7)
Unpaid	4100(43.3)	1103(23.3)	2997(63.4)
Self-employed	3846(40.7)	2440(52.4)	1377(28.9)

Labour Force participation of rate of Women has increased considerably during the last three decades. The LFPR was around 60 per cent in early years. National Living Standard Survey, 1995/96 shows that LFPR for both sex was 70.6, where that of male & female were 75.2 and 66.4 respectively. Because of fast changes during the last decade of the 20<sup>th</sup> Century, National Labour Force Survey 1998/99 has revealed LFPR at 72.3 per cent for Both Sex, where LFPR for male and female have been calculated to be 73.3 and 71.3. This increased labour force participation rate of women is truly indicative of their increasing involvement in informal sectors of work as there is very limited scope for them to enter into formal sector. The picture of sex-wise distribution of employment in the paid jobs also justifies the reality.

**Table 4:** Women in paid jobs or organized employment

Sector	Total	Male	Female
Government Service	245	212(86.53)	33(13.47)
Public Enterprise	70	60(85.71)	10(14.29)
NGOs	26	21(80.77)	5(19.23)
Private companies	385	311(80.78)	75(19.48)
Others	791	549(69.41)	243(30.72)

The picture of women involvement very low in paid job particularly in organized sector employment gives a clear indication that the increased labour force participation of women naturally flows towards informal sector.

### Women in agricultural sector

Women workers in agricultural sector can broadly be divided into self-employed and wage employed women workers. Looking in totality at the percentage of women workers in agriculture, the 1981 Census has recorded as 37per cent, which has increased to 62 per cent as recorded by 1991 census. However, the National Labour Force Survey of 1998/99 has revealed the fact that the percentage has gone down to 56 per cent where urban women are 59.8 per cent and rural women are 55.7per cent. The main factor responsible for this decline may be the expanding service sector as a part of informal employment. Even among the self-employed woman workers, an overwhelming majority is of unpaid family workers. From the unpaid family mass of working-women, exchange of labour among poor farm families, including peasant families, share-cropper families and small farmer families, in the neighbourhood as a

custom of *parma*<sup>5</sup> is in existence. Under parma system, there will be no payment of wages to workers of neighbourhood families, but for the same number of days, workers from each of the families will equally work in each others' farmland.

The prevalence of forced labour, bondage in various forms and debt bondage is also a characteristic of Nepali agriculture and women and children (particularly girl children) have been the first victims in this connection. In the Kamaiya system, the bonded labour system, which has been banned from July 2000, the bonded Kamaiya worker must have one female worker *bukerahi* attached to his work who will not get any separate payment, but the wage in kind of Kamaiya worker would be made slightly higher by adding a negligible amount. The Kamaiya worker would work in the farm and *bukerahi* would work in the house of the landlord. The system of attaching women labour and child labour to the male worker of the family is still prevalent in agriculture everywhere in rural areas if the male worker is in long time contract for a season or year and not in daily wage. If he is in work contract, he normally uses women and children of his family as unpaid helpers.

Similarly, bondage for girl children caused by poverty and poor awareness of the parents has been observed mainly in domestic service as home workers in elite and middle class families of urban areas. Thus a flow of children with higher extent of girl children to the urban areas from rural areas has become more common nowadays.

**Table 5:** Children at work by Age & Sex

Age Group	Male	Female	Both Sex
5-9	226,000	285,000	510,000
10-14	688,000	788,000	1476,000
Total	914,000	1073,000	1987,000

Out of the total 2 million working children, only 64,000 have been in the regular wage work – 3,000 from the age below 9 Years and 61,000 from the age above 9. It is to be noted that the number of girl children is higher than the boys.

<sup>5</sup> Exchanging labour. In Nepalese society, agricultural works are performed in turn by exchanging labour for which the close relatives or like minded friends or groups work together in their agricultural fields so that works are efficiently done on time and ins group.



Labour Force Participation Rate is high among the children i.e. 40.9 per cent for the age group 5 – 14, 36.8 for boys and 45.1 for girls. The LFPR for the age group 5-9 is 20.9 per cent – 18.3 and 23.6 boys and girls, respectively.

If we sum up the statistics and observation of the present realities, it is evident that the present status of women is mostly as unpaid family workers with higher workload and with very little or no recognition of their work and contribution. A look at the position of men and women workers in the paid jobs and also a comparison of their incomes provides a clearer picture in this regard.

### Women and income

If we compare the position of women in different job status, no one can deny the domination of male. Here as revealed by the table 6, the peak point of women involvement is 16.39 per cent as technician whereas the lowest point of male involvement is 87.56 per cent in cottage industries.

**Table 6:** Women in the Paid Job:  
Skill & Position (Figure in '000 and Percentage)

Status	Total	Male	Female
Senior Officers & Professionals	39	35(89.74)	4(10.26)
Technicians	238	199(83.61)	39(16.39)
Low paid officials	105	94(89.52)	11(10.48)
Service sector workers	55	49(89.09)	6(10.91)
Vocational agriculture	11	10(90.91)	1(9.09)
Cottage industries	193	169(87.56)	24(12.44)

Moreover, interesting is the average monthly income in various types of work if we compare sex-wise, which is presented in Table 7. It is visible that women's income in agriculture is only 34.72 per cent of that of male workers in spite of heavy involvement of women in agriculture. Similarly, it is 46.86 per cent in cottage industries and 62.29 per cent in other low-income informal jobs, but in other jobs, the difference is less compared to these areas. The national average in totality is considerable as the income of women is only 57.26 per cent of the income of males.

**Table 7:** Average Monthly Income (in NRs.)

Nature of work	Both Sex	Men	Women	% of Men Receipt
High level Administrative	8037	8068	7525	93.27
Vocational	5079	5141	4631	90.08
Machine Operators	2981	2995	2037	68.01
Technical	2971	3057	2678	87.6
Low paid employees	2832	2836	2805	98.91
Cottage industry	2773	2973	1393	<b>46.86</b>
Service sector	2507	2506	2525	100.76
Agriculture	2109	2756	957	<b>34.72</b>
Other low-income jobs	1491	1692	1054	<b>62.29</b>
<b>Average in Totality</b>	<b>2143</b>	<b>2389</b>	<b>1368</b>	<b>57.26</b>

It is also to be noted that the minimum wages for unskilled workers as fixed by the tripartite minimum wage board is Rs.2116 per month. However, from the minimum wage angle also, the average monthly income of women workers is considerably low, i.e. Rs. 1368.00. The minimum daily wage fixed for agricultural workers is Rs. 60 and if we divide the national average of women's income to convert it in daily terms, it will be Rs. 45.60 per day, whereas if we convert the monthly agricultural income of women in terms of daily income, it will be Rs. 19.14 per day which is quite low. These are the empirical evidences of reflections of discrimination in the level of women's income.

### Women and discrimination

The differences in monthly income of women in comparison to their male counterparts are indicative of discrimination in wages. Heavy discrimination can be observed everywhere in informal sector employment and severe is the case of construction and agriculture. However even in the formal sector like tea estates of far eastern Nepal direct discrimination of wages can be observed.

In connection with the terms of employment, discrimination in formal sector is visible on recruitment, training and promotion. Employers do not like to employ women in key posts on the one hand and do not like to employ in lower jobs mainly because of their family works and reproduction (Maternity leave and child care) possibilities. So women employment in casual category of jobs has been higher than in other

categories. And hence the issue of job security is more relevant for women workers in comparison to males.

In agricultural sector, the society is traditionally accustomed of discriminating even in providing *khaja* and *khana* (breakfast & lunch to the workers in the work-field).

The Discrimination against women starts from family and is widespread in society Workplace is not an exception. Feudal socio-economic relations are reflected even in the laws and hence the entire legal structure is full of gender bias provisions. Lack of parental property rights for women is one of the examples in this regard. It is also because of the fact that political parties are less gender sensitive, which is directly reflected in policies-programs-plans of the government and election manifestos.

On the other hand, feudal socio-economic relations are stronger among the employers. The feudal mentality needs to be changed because of the laws and regulations in formal sector. But in the informal sector, restrictions and regulations through labour legislation are almost non-existent and hence the feudal mentality of employers is in more visible in the informal sectors. So discrimination is more common in informal employment.

### **Women and working conditions**

Sexual harassment is one of the key issues even in the formal sector enterprises whether in public Enterprises or private enterprises. Sexual harassment is naturally more visible in the informal sectors of work. In addition, Women trafficking for commercial sexual exploitation from working families of informal sector and particularly from farm families is a very important current issue.

Maternity protection provisions are basically concentrated in the formal sector and labour laws do not provide coverage to the informal sector. So some facilities in case basis have been gained in those sectors where unions are strong especially in construction worksites due to strong affiliate of GEFONT. Child-care arrangements and reproductive health care as well as OSH related provisions also depend on union strength and bargaining and GEFONT affiliates of Construction and Garbage cleaning sector have been successful to some extent. Talking about social

security system in favour of women in a feudalistic society is actually an irony.

Low paid wages, long hours of work, no fringe benefits, no incentive earnings and fast increasing home-based character are the major features of working condition in informal sector, which victimize women workers first before male workers.

### **Women under organizational framework**

NGOs have also started to organize women workers in the form of small groups for income generating activities or various other skill-related as well as human right and awareness activities. But most of the NGOs have tried to organize them under their project activities, which do not seem to go with a long-term vision. However, few genuine NGOs have done good efforts. But the coverage of the number by the NGOs is very small.

On the other hand, three types of mass organizations have been working for organizing women workers – peasant organizations, women organizations and trade unions.

Among few peasant organizations, major is the All Nepal Peasants' Association, which claims a total membership of 470,000 of which slightly higher than 28,000 are women. The membership coverage of other small peasant organizations altogether can be estimated to be around 40, 000, out of which women membership may not exceed 2,000. Therefore, Coverage of women members in peasant organizations is approximately 30,000. However, it is also to be noted that Women in the peasant organizations are not active part of the movement, though contribution of few active women is significant in the history of peasant movement.

While talking about women organization, there are two major women organizations – All Nepal Women Association and Nepal Women Organization. ANWA has a total membership of around 500,000 and NWO has approximately 100,000. Others are very small and they do not cover more than 5,000 members in total. But it is to be noted that these women organizations cover all types women whether working or housewives. However, the majority is of agricultural women and mostly the unpaid family workers. But these organizations do not have an approach of workers organization and are active under gender and

political motivation. Overwhelming majority of members is passive in these organizations.

Labour organizations, on the other hand, cover around 620,000 workers under registered trade unions. GEFONT covers 310,000, NTUC 194,000, DECONT 30,000 and others are under non-affiliated federations of white-collar workers basically health workers, teachers, PE workers and financial sector workers. Approximately 120,000 unionized workers are from agriculture and construction. Nominal is the number of workers under non-registered trade unions not exceeding 10,000. Therefore workers under trade union framework both registered & non-registered must be slightly higher than 630,000. The informal sector coverage of the union membership is lesser than 50 per cent. Out of the number under union framework, number of women workers does not exceed 17 per cent, approximately 107,000 out of which the number of active members is much lower. Moreover, the number of informal sector women workers under union membership can be estimated around 50,000. Their role in union leadership and decision-making process is also limited accordingly.

Thus, it is clear that membership of women workers in trade union organizations is much lower in comparison to their male counterparts. It is basically because of the triple responsibility of women – in workplace, in household work and in reproduction & child-care. Because of the heavy responsibility in family and workplace, their involvement in union activities is considerably limited. It is also because of the fact that society does not promote, but rather discourages the involvement of women in outer activities due mainly to existing as well as dominant feudal relationship in the society.

Male domination is one of the salient features of union leadership and hence women's issues in most of the cases cannot be found in the priority list of collective bargaining. If we analyze the internal structure of most of the unions, we cannot find key responsibilities assigned to women leaders. Efforts of the unions are insufficient to develop women involvement and leadership and as a result, less active participation and only representation of women has become natural. However, The GEFONT efforts from the very beginning are different from others and the efforts after the establishment of Central Women Workers Department have been able to change the situation though there are a number of things to be done.

### **Impacts of intensifying globalization on women workers in Nepal**

The impacts are both positive and negative on society, working class and woman workers. The positive aspects are the increased awareness, fast process of organizing, increasing Trade Union activities in rural – agricultural & entire informal sector, increasing NGO activities on labour issues, expanding coverage of labour laws, development of right-based movement, increasing regional-international relations etc. But it is to be noted that these positive effects have emerged in process of resistance against the adversities imposed by globalization & liberalization. So the negative impacts are the key points in this regard, which are more visible creating adversities to the lives of thousand and thousands of women workers – both self-employed and wage-workers. Some mentionable points are as follows:

- Increasing job loss
- Deteriorating micro enterprises & cottage industries owing to the unbalanced competition with outside products as a result of import liberalization in the name of trade liberalization
- Hardships caused by increased male migration
- Increasing home-based character of work
- Loss of traditional social protection caused by declining joint family system
- Increased sexual commercial exploitation of women even of the girl children facilitated by the open border with India & no effective border regulation by the governments of the two countries (Recent commitment of SAARC Summit in the form of Agreement is significant but implementation has yet to be seen).

### **Needs and Efforts**

In light of the above analysis, the current need of the women workers in the informal sectors can be mentioned as follows:

- Organizing and unionizing of the informal sector with focus to women workers
- Minimum Wage implementation in a wide coverage
- Genuine Price for the products & services of self employed workers
- Market Access to self employed workers
- Micro finance facilities to self employed workers

- Skill & technical training
- Literacy and awareness building activities
- Land reform in favour of landless rural workers
- Policy intervention and lobbying by Trade unions and NGOs
- Maintenance of Minimum Labour standards
- Gender review of legislation
- Social protection through various measures

Efforts of Government in this connection through the Ministry of Women, Children & Social Welfare, Ministry of Industry, Ministry of Local Development, Ministry of Land-Reform & Management and Ministry of Labour have not been much effective. Lack of coordination among the line Ministries is also responsible in this regard. Similarly, one-sided emphasis of government in self-employment and skill training without creating conducive environment for market access to the needies is another factor for ineffectiveness.

Similarly, women entrepreneurship-development efforts of employers' side and NGOs has covered very small portion of the workers. Also it is a fact that these efforts from such business oriented NGOs and women wings of Employers' organizations have not gone in the direction of improving working conditions & minimizing exploitation.

Working basically on right-based approach is a responsibility of Trade unions and also of the Human Right NGOs, which also can shape the efforts of government, employers' organizations and business oriented NGO groups.

Among the trade unions, significant efforts have been launched by GEFONT as the largest trade union confederation of the country. GEFONT is continuously working on women workers' issue through its special department – Central Women Workers Department – and workers Education Programme as well as other action programmes & campaigns in cooperation with ANWA, ILO, FES, CAW and KAD. The relationship with SEWA, Homenet International and WIEGO has also given promotions to GEFONT Efforts. Women issue with high emphasis in Workers Education Programme, Various publications & researches, Celebration of 8 March with high gravity, 25 per cent reservation for women in all GEFONT-Programmes, seminars & workshops, enterprise & area based programmes on women workers'

issues are some of the segments of work. Recent initiative of GEFONT is the formulation of Trade union Committee for Gender Equality & Promotion (TUC-GEP), which is a common mechanism of Nepali Trade Unions for action on gender issues.

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*(Presented in WIEGO International Meeting Ahmedabad; 2002 Jan)*



## Home Based Workers in Nepal

*By Umesh Upadhyaya*

Home-based work is not a new thing in case of Nepal. However, the present day nature of home-based work after intensifying globalization basically after 1990 is quite different in this regard. Home-based workers are scattered here and there all over Nepal. Actual statistics is also not available. No survey or research has been conducted so far separately on home-based workers. Though there is male involvement in a number of home-based works, involvement of women is higher.

### Categories of workers

We can categorize them into two types - those who work as self employed on their own investment and sale their product to the concerned entrepreneurs who trade internally as well as internationally and those who work on subcontracting by using the raw materials of the factories or establishments.

Thus, **self employed home-based workers** and **wage-dependent home-based workers** are the major two categories of home-based workers in Nepal. Wage dependent home-based workers are basically piece-rate workers. Whether they are piece rate workers or self employed ones, the nature of rural home-based and urban home-based differs.

### Home-based works in Nepal

The main categories of home-based work without going into further details may be mentioned as follows:

- Food processing
- Textile
- Dhaka weaving
- Beads
- Painting - fabric and boutique
- Packaging

- Garment & tailoring
- Animal husbandry
- Carpet & pashmina weaving
- Cash crop farming
- Handicraft – bamboo, wood, metal, clay
- Knitting
- Ceramics
- Paper

### **Problems of Home-based workers**

Problems of home-based workers also differs in accordance with the nature of the category. Self-employed ones basically face the problem of marketing and price as well as skill upgrading & low access to training. Because of the problem of market, their products are taken much cheaper by the factories and exporters and those big fishes take away all the fruits of their skill and labour. They are also less mobile in comparison to other types of workers in the labour market. They also face the lack of necessary finances in spite of their traditional skill. Outlook & attitudinal change and modernization of their skill is necessary for them.

On the other hand, wage dependent subcontracted home-based workers have been facing the problem of very low wages hardly sufficient even for mere subsistence. They also feel helpless as they are excluded form any type of social security system by the employers. They are always deprived of any type of benefits that can be obtained from the factories they are concerned with. our focus from trade union movement are those who work as home-based workers taking order and raw material from the factory and work on piece rate.

In carpet and garment, the piece rates are declining for home-based workers. It is because of the fact that the export of carpet and garment is deteriorating very fast due to worsening international situation and adverse effects in tourism industry. Almost the same is the case with handicraft sector - particularly the artistic handicrafts. Garment factories are being closed. Carpet factories are also curtailing their production. As a result, both the in-factory workers in Nepal and outside-factory workers i.e. home-based ones are being victimized.

The problems being faced common by both the wage-dependent and self-employed workers are exclusion from social protection system, poor level of awareness and being neglected by the present structure of labour legislation & inspection system. As a result, low payment and long hours of work under difficult hand to mouth conditions & unsafe-unhealthy environment is the common phenomena.

### **Initiatives**

Very little initiatives particularly for home-based ones have been taken so far. It is also because of the fact that the home-based workers themselves do not come nearer to the organizations - to trade unions or other mass organizations or NGOs.

From the very beginning GEFONT tried to organize informal sectors workers, but under the GEFONT fold and its affiliate folds, very small number of home-based workers has been organized.

Kathmandu Declaration of Oct 20, 2000 on women workers in the informal sector is significant also with the viewpoint of home-based workers of Nepal.

- Formulation of national policy & plan of action on Home-based workers
- Minimum protection, which includes right to organize, minimum wages, occupational safety & health, social protection, child care, skill training and literacy
  - Access to market
  - Social funds for contingencies
  - Database development
- Urging SAARC
  - Setting up technical committee for informal and particularly home-based workers to promote national policies as well as bilateral and regional cooperation

But actual implementation activities are poor because of the fact that efforts for organizing and mobilizing have been less than sufficient.

### **Organizing home-based workers**

In order to organize home-based workers of informal sector, initiatives are necessary in both rural and urban areas with predominant emphasis on rural areas. The organizing work can be undertaken by the following:

- Ministry of Industries, Commerce and Supplies
- Employers association
- Small women entrepreneurs
- NGOs
- Trade unions

Ministry of Industries, Commerce & Supplies has done a number of training works and tried to organize them in small groups without any long-term vision which has not been effective. It is done through Department of Cottage & Small industries. On the other hand, both Federation of Nepalese Chamber of Commerce & Industries and Federation of Nepalese Cottage & Small Industries have tried to use their skills in favour of bigger ones and never taken care of their problems and welfare. Small Women Entrepreneurs have also been organized in the form of NGOs and in the wings of FNCCI and FNCSI. But few of the home-based workers are employers and most of them are real workers. NGOs have gone in more publicity for them, but majority NGOs have collaborated with trade groups and in the name of home-based workers, those organizations have been getting all benefits for their own sake. So the real responsibility rests on trade union movement, but still trade unions have not given full attention to this big mass of workers.

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## Informal Sector and Labour Rights

*by Bishnu Rimal*

### 1. Introduction

There is no universal definition of Informal Sector. Generally, we only discuss on more visible segments of economic activities as informal sector. However, there is a limitless boundary of informal sector. Moreover, it is a hidden segment of economic activity with a vast number of labour force.

Many authors have often defamed informal sector in negative sense. According to them, those are informal labourers who are not in "formal" sector, not protected by any labour law, not in formal 'employee-employer relationship' and not getting any benefits entitled to them as employee. Besides, they are hardly recognized as a labourers and not included in the 'economic statistics'.

According to Asian Labour Update, a publication of Hong Kong based regional labour NGO- the Asia Monitor Resource Centre (AMRC), informal labourers are those workers whose method of work is usually through the sale of their labour on a daily or piece rate basis or through self-employment as small producers, vendors or service providers.

The informal sector is not disassociated from the formal sector. There exists a certain type of interdependence through backward or forward production linkages with formal enterprises through contract of labour or services. It is obvious that the definition of informal sector is descriptive one rather than analytical. Some have even used the word "unorganized" as synonym of "informal". One of the Indian writers Sarath Davala has stated that it is really difficult to define the term "informal". He argues that the word "unprotected" would be more suitable to define this sector rather than as "informal" or "unorganized".

An Indian organization SEWA (Self Employed Women's Association) defines the word "informal" in its report of the National Commission on Self-employed Women and informal sector based on the nature of the work they perform. Who are the women labourers in the informal sector? The report includes:

- those doing manual work like agriculture, construction work and other sectors.
- home based producers including artisans and piece rate work
- those engaged in processing of traditional and non-traditional areas
- service providers like garbage pickers and domestic helpers
- petty vendors and hawkers
- all other poor labouring women in the unprotected sector.

An International Labour Organisation (ILO) report has mentioned that “low cost, easy entry and exit. labour intensive with low technical input, small scale and its unorganised nature” are the characteristics of the informal sector.

The Labour Law- 1990 has mentioned informal labourers as those who are working in any establishment in less than Ten person in number with the word "out of enterprise". Likewise, the Trade Union Act- 1992 has mentioned the Trade Union Association registered under its article 4(2) as an association of workers working “out of enterprises”. Though, our Labour Act has not used word informal, but in our reality, it indicates those establishments which employ less than ten people as informal sector. It would be fair if we explained those poor who are out of planned economy as the labour force of informal sector. Though it is sometimes defined as “individual economy”, “unstructured”, “unenumerated”, “low-income segments” etc., experts describes it is not an 'individual' but a collection of economic activities.

## 2. Informal Sector in Nepal

As in other developed and developing world, Nepal's informal sector also has been divided into two major parts. They are: Rural Informal Sector and the Urban Informal Sector.

According to a report- 'The Rural Informal Sector in Asia: Policies and Strategies', published by International Labour Office, Geneva, the term

"rural" is defined to include all places with population under 50,000 where agriculture is the dominant activity accounting for bulk of the income and employment. Such rural informal sector includes both the agricultural and non- agricultural segments.

Among the Nepal's informal sector, agriculture is the single largest sector. In agriculture, there are three main divisions. The worker who works on yearly wage or cultivates a small piece of land as a tenant or somehow self-employed agricultural worker comes under the first category. Mainly wage labourers in agriculture, who perform their work in daily wage or monthly or yearly basis fall within second category. The word Hali (those who plough the land), Gothala (the cattle herders) and Khetala (daily wage labourers) denote such workers in this connection. The forced labour and the bonded agricultural labourers are in the third category of agri-informal workers. The Kamaiyas of western Nepal are the living example in this regard.

According to the Concept-paper of the Ninth Plan, Nepal's underemployment rate is 40 per cent of the total labour force (estimated 8.779 Million by the end of Eight Plan). Major portion of this vast underemployed labour force has been absorbed by the rural agricultural sector. They are extremely poor.

Nepal: An Employment strategy, the report prepared by UN ACC Task Force for ILO has mentioned that 92 per cent of total labour force is in rural area. And it is obvious that the largest percentage of this number is informal. Out of this number, about 81 per cent is active only in agriculture. Besides peasant and the non-wage agricultural worker, there are two categories of agricultural wage labourers.

First covers those wage- labourer whose means of survival is only his wage; whereas second category covers those whose means of livelihood is the wage and their self employment. It is estimated that there are 20 Million wage labourers in Nepalese agricultural sector, where 500,000 families are landless. These families cover 1 million workers. Of the total labour force 8.779 millions, only 7-10 per cent are in formal segments. Thus, it indicates that the remaining number of total labour force is in informal sector.

**Table 1:** No. of household using family members and using wage labour (in percentage)

Type	No. of farm Household	Household using only family members	Household using only daily wage labour	Household using only permanent and daily wage labour	Household using only permanent labour	4+5	Average No. of permanent labour
Mountain	260,712	70.0	27.9	1.1	1.1	2.2	1.9
Hills	1,357,720	69.5	27.7	1.8	1.0	2.8	2.2
Terai	1,117,818	56.9	34.1	7.0	2.1	9.1	2.1
Nepal	2,736,050	64.4	30.3	3.9	1.4	5.3	2.1

Non-agricultural rural informal sector includes various establishment of traditional and non-traditional cottage industries. As stated in FNCCI's publication - Nepal and the World, A Statistical Profile 1997, the traditional cottage industries in Nepal are: hand loom, pedal loom, semi-automatic loom, wrapping, dyeing, printing, sewing, knitting, local carpet, woollen carpet, pasmina, woollen garment, carpentry, wooden handicraft, bamboo and cane goods, materials made from natural fibers, hand made paper, gold, silver, brass, copper work and ornaments, image making, precious and semi-precious stones, honey, big cardamom processing, pottery, leather cutting, drying and village tanning and leather works, jute, babio choya and goods from cotton thread, leather goods, artistic goods from bones and horns, stone carving, stone studded metal goods, painting, pauwa, batik, materials made from hand made paper, incense, dolls, toys and stone studded metal filigree commodities.

Because of the underemployment situation, agricultural workers normally work also in non-agricultural sectors. According to the statistics of National Sample Census of Agriculture- 1991/92, of the total labour force engaged in agriculture, 17 per cent work in non agricultural sectors for some time.

Due to the Nepal's own specific condition, the urban informal sector is not so large. The urban informal sector includes mainly non-agricultural activities. Major portion of the labour force in this sector is active as "self-employed" workers.



In summary, based on the nature of work, rural and urban informal sector in Nepal can be classified as follows:

**1. Agriculture**

semi-peasant, rural poor, hali, gothala, khetala, Kamaiya

**2. Sideline agriculture**

animal husbandry, poultry farming, horticulture and other cash crops, Dairy, Bee Keeping, Sen culture, fishery

**3. Trades**

small retail shop, food stall, street vendors, khoka shops, vegetable and fruit sellers

**4. Service**

electric and electronics repairs, cycle, motor-bike and auto mobile mechanics, barbers, beauty parlour, professionals, garbage cleaners, hawkers, boot polish professionals, domestic helpers and mid-wives, bottle collectors and rag pickers

**5. Construction**

Small scale builders, masons, joiners, brick layers, carpenters, plumbers, house painters, electricians and electrical repairers, road, irrigation and building construction workers, tailors, stone quarry labourers, brick kiln workers

**6. Transportation**

Taxi, bus/mini-bus, truck and load carrier, thela-cart, riksaw-tanga, tractor, loaders

It is to be noted that construction is second largest sector which has been scattered both in rural and urban informal sector.

Nepali informal sector is often considered as a female dominated sector, which absorbs a big number of women workers. Statistics indicates that out of total female labour force, 94 per cent are active in rural areas and 91 per cent are engaged only in agriculture, where as only 4 per cent of the female labour force is in formal sector.

Nepal has severe problem of underemployment rather than unemployment. Of the total population, 35 per cent are getting jobs for only 7 months. In a statistics estimated by the Ninth Plan, out of total

labour force of Nepal, just 46 per cent are in full employment condition. According to that estimate, 14 per cent are totally unemployed and 40 per cent are under-employed. As an instance, if a construction labourer gets job for 2 months, has to wait about one month in the mean time. In this way, it is the informal sector which is badly affected by underemployment condition.

### 3. Problems and Challenges

As stated above, informal labour is an unprotected labour. Poverty and underemployment have compelled them to work in whatever terms and condition. Government statistics indicates that 45 per cent of total population in Nepal are below poverty line. Informal sources estimate that the per cent would be up to 60.

Illiteracy and the ignorance is another big problem in this sector. There is a 'harmonious relationship' between our society dominated by the social conservatism and the unaware informal sector's labour force. This is a hindrance in our progress.

Informal labour has been scattered here and there. Because of its scatter nature, it is extremely difficult to organize them. Moreover, after the implementation of liberalization policy, the terms and conditions of contract labour system has further scattered them. 'Contractual arrangement of work often recruits labour through the individual contact rather than by public vacancy announcement. It does not follow any legal formality. Even the employer denies to offer appointment letter. The numbers of employer has registered no where in informal sector and the employees perform their job just in an informal understanding. Due to lack of legal proof during the time of labour disputes, workers are often sidelined and kicked out of the job in an inhumane manner. Thus, 'job security' is an unimaginable notion to them. On the one hand, employers always escape safely by using legal loop-holes, and on the other, because of weak legal basis workers themselves do not expect any legal treatment. Further, the employers and the contractors have been employing workers from their own native places or some of the workers have found such jobs by source-force from their respected honourable. Because of such psychological factor workers hesitate to complain against exploitation of cunning employers.

Trade unions also are facing difficulties by such informal employment relationship. According to Trade Union Act 1991, a worker cannot be

eligible for trade union membership unless he/she is identified as employee of any employer. This has made somehow helpless to the trade union in informal world, since it is too complicated for their identification.

There is contrast between problems of formal and informal sectors. Thus, the experience is not sufficient gained by unions in formal sector. Normally, the grievances of informal sector is hardly solved by dealing with a single employer. We have encountered so many incidents that the workers have frequently changed their employers for more benefits. And, the principal employers have changed different contractors to escape from the legal formalities. Nepal's labour sector has witnessed various incident when legal provisions were misused even by the formal sector.

Labour migration and heavy influx of foreign migrant labour is another big problem of formal sector. An open border with India and privilege to Indian citizens to get any type of work has displaced remarkable number of Nepali labour. Access of Indian Migrant from Terai to High mountain as street vendor to the skilled labour indicates the magnitude of its seriousness.

In addition to this, there are crucial challenges in Nepali labour market. The annual labour force growth rate is estimated as 2.7 per cent. It was 3.5 per cent at 1971-81 and 3 per cent at 1981-91. If we analyse this trend, labour force growth rate has been declining but still high. Ninth Plan targets to create 5.267 millions new job and a perspective plan fit to it. It is believed that the labour force increased every year by 2.7 per cent will be absorbed accordingly and unemployment will be dropped out by 3.1 per cent. By the end of Ninth Plan (2002), a total 8.562 millions people will get employment and unemployment ratio will be dropped by 9.08 per cent. But in our context, underemployment is dangerous challenge rather than open unemployment. Ninth Plan even has yet set new target in what way underemployment would be reduced?

On the other hand, concerned sector is somehow in skepticism by the experience of Eighth Plan, its targets and the result.

#### **4. What is to be done?**

Informal sector is not an isolated sector; it has interdependence with the formal sector. That's why, it is not only surviving, but also increasing day

by day. The word 'informal' has already demanded that we should change it into 'formal' form.

For this, the state should take an initiation first. Country like Nepal, where more than 90 per cent labour force is in informal sector, institutional development of labour force cannot expect with out bringing it into formal boundary. That's why, there should be appropriate legal provision to cover all informal sector.

With the Globalization, the process of informalisation of work has been taken place very rapidly. Keeping it in the view, the WO has initiated few steps already. Among the initiations introduction of Home Work Convention 1996 is a bold step in this regard. Similarly it has introduced Contract Labour Convention, first discussion during its 85th session this year.

Based on this background, we should amend our existing labour laws to protect poor informal labourers. There should be sufficient ground for recognition of Craft Unionism. To challenge hidden condition of labour force in informal sector, there should be proper provisions to cover self-employed workers inside trade union movement.

Agricultural sector, which covers 81 per cent of total labour force has been still ignored to increase productivity of agriculture, right to organize and collectively bargain for agricultural worker should be guaranteed. Besides, land reform should be the major agenda in our policy. We should seek negative lesson by previous reform activities in this regard.

It will be incomplete if we do not address forced and bonded labour system in the agriculture. With the agenda like commercialization of agriculture, we should relate elimination of all form of unfair labour practices including Kamaiya System.

Numbers of Female is increasing day by day in the agriculture. Keeping it in our mind, a comprehensive perspective package should be prepared to empower women economically with appropriate program and technology.

Employment should be the first economic objective for Nepal. Expert opinion is that, an employment target should not be less than 3 per cent to meet such objectives. To generate employment and to attract direct

foreign investment, an additional and interlinked policies should be pursued.

Open border with India should be regularized to protect Nepali labour displacement by the heavy flow of Indian Migrant labour. Nation should be saved by brain drain and skill drain.

Informal sector can be protected by proper package of social security. Till now, we do not have such scheme. Thus, we should urgently take steps towards this direction.

**Table 2:** Ninth Plan, its target and estimates

Total Labour Force in the beginning of the Plan	8.779 Millions
Full Employment	46%
Full Unemployment	14%
Underemployment	40%
Targeted new jobs	5.267 Millions
Total Labour Force at the end of the Plan	9.425 Millions
Total Employment at the end of the Plan	8.562 Millions

**Table 3:** Eight Plan, its target and estimates

Total Labour Force in the beginning of the Plan	7.542 Millions
Total Employment at the end of the Plan	6.927 Millions
Targeted new jobs	1.449 Millions
Forest	0.861 Millions
Industry & Mining	0.181 Millions
Electricity & Gas	0.002 Millions
Construction	0.035 Millions
Trade, Hotel & Restaurant	0.068 Millions
Transportation & Communication	0.069 Millions
Finance & Hose/Land	0.010 Millions
Social Services	0.223 Millions
Real Job Creation at the end	0.628 Millions

These days, working condition of informal labour has been deteriorating rapidly. The condition is further worst in terai region. Planners say, the choice for Nepal is "Now or Never". It cannot be denied that it will create new challenges if Nation would go on 'low-wage strategy' based

on 'low-level of productivity.' It would be a short-sighted approach which will ultimately increase poverty only.

Job creation and the direct foreign investment is a great concern both for the formal as well as informal sectors. It is obvious that there is less possibility of foreign investment if they feel 'means of production in Nepal is not cheap'. On the other hand it would be great mistake if we try to destroy rampant structure and permit to limit labour right for foreign investment. It is a dilemma and it is also a reality.

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*(Paper presented in First National Labour Conference, 23-25 November 1997, Kathmandu, Nepal)*



# Social Security/ Labour Legislation



## Social Security System in Nepal

*by Ramesh Badal*

The Labour Act 1992 was enacted by the first parliament in 1992. Before this Act, the Factory and Factory Workers Act 1959 had been in force in factories and other establishments as notified by the government. After the change of polity in 1990, the parliament also enacted the Trade Union Act 1993. In order to complement the Acts, Labour Rules 1993 and Trade Union Rules 1993 were enacted and implemented. Social security issues are dealt with by the Labour Act 1992 and the supplementary Rules.

### **Application of the labour law**

Both the Labour Act and Labour Rules are applicable to those organizations established as per Nepali laws where more than ten workers are employed. This law is not applicable to those companies with less than ten workers. In addition, it is not applicable to the entire informal sector.

### **Social security applies only to workers with permanent statuses**

Of the workers in the formal sector, the provision relating to social security is applicable only to the permanent ones. Otherwise these provisions are not applicable.

**Social security benefits:** There is no comprehensive social security system under the Nepali labour law. Employees are entitled to receive following benefits as part of social security under the Labour Act and Rules.

**Provident fund:** Provident fund is a contributory old age benefit under the labour law. According to the provision, the employer should deduct 10 percent of basic salary of the employees and add 10 percent to it, and deposit the amount in any commercial banks or



*Karmachari Sanchaya Kosh*, the autonomous provident fund authority in Nepal.

**Gratuity:** Gratuity is also part of an old age benefit. It is also known as a severance pay. As per the provision in the Labour Rules, the employees serving for three years or more and retiring from the service are entitled to get gratuity at the following rates:

- a. For the first seven years of continuous service, gratuity should be paid at the rate of 50 percent of the monthly salary per annum;
- b. For seven to fifteen years of continuous service, gratuity should be paid at the rate of the two-thirds of the monthly salary per annum;
- c. For service exceeding 15 years gratuity should be paid at the rate of one month's salary per annum.

For gratuity payment, a gratuity fund is to be created to deposit the relevant amount every year. Nowadays, some of commercial banks and Nagarik Lagani Kosh (Citizen's Investment Fund) also administer gratuity funds. The enforcement of the gratuity provision is, however, almost non-existent.

**Treatment Expenses:** Under the provision of Labour Rules, the employer must pay entire expenses required for treatment, including hospitalization and medical expenses, to an employee who suffers physical injury while on duty.

**Salary during treatment:** During the period of treatment, employer should pay full salary for the period of their stay in hospital or half of their salary if they have undergone treatment at home. However, if the period of such treatment exceeds a year, the employer is not obliged to pay the salary after one year.

**Disability compensation:** If an employee is physically disabled as a result of an accident while in employment, the employer must pay a lump sum amount equivalent to the salary of five years of the last drawn salary in case disability is found to be 100 percent. In case disability is less than 100 per cent, the amount of compensation shall be calculated according to the percentage of disability. The

percentage of disability should be determined by a doctor recognized by HMG.

**Compensation in case of death:** In case of death of an employee instantly or in the course of treatment as a result of an accident while in employment, the employer should pay an amount equivalent to three years' salary calculated at the last drawn salary rate to the nearest heir as compensation.

In case an employee dies or becomes physically disabled as a result of a natural calamity, the employee or his/her legal heir shall not be entitled to any compensation.

**Insurance and compensation:** If an employee is entitled to receive compensation, he/she is entitled to compensation as mentioned above or the compensation under the insurance whichever is higher..

**Termination on health ground:** In case any employee sustains physical injuries while in employment and does not recover even after a year-long treatment or becomes physically disabled, he/she may be terminated from the service provided that a physician recognized by His Majesty's Government certifies that he/she is incapable of working. In such a case, the employer should pay gratuity and treatment compensation before termination.

**Housing Fund:** Under the Labour Act, 5 percent of the gross annual profit of an enterprise should be deposited as a housing fund and operated by a joint committee called Labour Relations Committee. However, this provision is almost non-existent in practice.

**Welfare Fund:** As per the Bonus Act, 1974, 10 per cent of net profit should be deposited for bonus distribution to workers. The Act fixes the maximum upper limit of bonuses to be paid. The amount that is left after bonus distribution will be deposited by every enterprise in the Welfare Fund. Of the amount deposited in the Welfare Fund, 70 percent goes into Local Welfare Fund and 30 percent into National Welfare Fund.

**Pension:** Pension is limited to government employees in civil services, police and armed forces, including some of public

corporations. This provision is not applicable to the workers addressed by the Labour Act.

**Retrenchment:** If the employer wanted to close the whole or part of an organization, he/she should obtain approval from His Majesty's Government through the Department of Labour before the retrenchment of the employees.

This is a legal compulsion on the part of the employer that he/she should provide one-month notice with reasons for retrenchment or pay the salary of one month in lieu of such a notice. Similarly, the employer should pay retrenchment compensation in lump sum equivalent to the amount of thirty days multiplied by the total number of years in service. The labour law has attempted to establish this form of compensation as an unemployment benefit. However, it cannot be practiced properly because gratuity considered by the employers as part of this benefit.

**Sick Leaves:** All workers or employees who have completed one year of service in the establishment without any interruption shall be granted a sick leave with half-pay for not more than 15 days in a year.

**Maternity Leaves:** Pregnant women workers or employees shall be granted a maternity leave with full pay for 52 days before or after delivery. Such a leave may be obtained not more than twice during the entire period of service. However, in the event of the death of two children of a woman employee, who has already utilized the maternity leave twice, she may be entitled to a maternity leave for two times more.

**Leave is not a right!** Under the Labour Rules, no employee can claim a leave as a matter of right. It should only be treated as a facility, which could be permitted by an employer. However, the court has by interpretation established that some kind of leave can be taken by an employee even if it is not authorized by the employer. Maternity and sick leave fall under this category..

**Change by collective bargaining:** An employee working in the organization has the right to union. Ten or more employees working in an organization can form a Plant Level union. The Plant Level union has the right to submit a charter of demand and bargain

collectively with the management. The collective agreement may change social security provisions of a particular organization. This can be settlement shall be valid for up to two years.

### **On the Informal Sector**

There is no concrete social security arrangement for the informal sector. Some of the workers working in the informal sectors are covered partly by the legislation. The Vehicle and Transportation Management Act provides accidental compensation to workers under a compulsory insurance provision. As per this provision, the vehicle owner should have accidental insurance coverage for the driver and helper. It may vary according to the type vehicles and positions of the workers. Normally, the compensation should be 100,000 to 200,000 Nepalese Rupees.

Similarly, the workers in the trekking and mountaineering sectors should also have their accidental insurances covered. The amount of insurance doe the workers in these sectors should not be less than 250,000 rupees. Likewise, employer should have a group insurance policy for accidental injuries for construction workers.

There is no provision for social security benefits for workers in the informal sector. They are treated as a general citizen and are provided with some sort of relief on an ad-hoc basis, such as the senior citizen allowance (Rs. 100 monthly provided to persons above 70 years of age and to widow and helpless women above 65), maternity protection allowances in some DVCs and DDCs, and so on.

### **Union's Proposal for Social Security Scheme**

The government of Nepal is trying to make a new law with more flexibility. The union has proposed a comprehensive social security package to be included in the new law.

**Old age benefit:** Gratuity should be paid at the rate of 1.5 months salary for each year of service. There should be no time bar for the entitlement of this benefit. Similarly, a provident fund should be established by deducting 10 percent from workers' salary and adding the equal amount by the employer each month.

**Workplace injury:** In work place related accidents, all hospitalization and medical expenses should be covered by the management. In case of disability, a monitory compensation should

be paid with a 5-year equivalent salary for 100 percent disability. For disability of other kinds, compensation amount should be determined taking into consideration the disability ratio as determined by the medical doctor.

**Dependant benefit:** The employer should pay 3-year equivalent salary compensation to the dependants of a worker in case of his/her death in a workplace accident. In case of his/her mental disorder resulting from the accident, the compensation should be paid with an amount no less than half of the death-compensation.

**Sickness benefit:** Sick leave should be provided at the rate of 1.5 days for each month of service with full pay in case of the illness of workers and their close relatives, that is spouse, parents and children. Likewise, the employer should establish medical insurance to all workers with an amount equivalent to their one-year salary.

**Maternity benefit:** Maternity leave and benefit should not be less than as provisioned in the ILO Convention 183 on Maternity Protection. On the basis of this Convention, the union proposed a paid maternity leave of 98 days, 7-week leave with pay in cases of miscarriages and 15-day paternity leave.

**Retrenchment:** There should be separate compensation for retrenchment. It should not be seen as gratuity.

### **Proposal of integrated social security fund**

The trade union proposed an integrated social security system to administer all benefits as mentioned above. A tripartite board should manage such fund.

**Contribution:** The workers, employers and the government should contribute at the ratio of 1:2.5:2.5 respectively and 15 percent in the informal sector by all side. For the construction sector, 5 percent of the project amount should be providing to cover social security of the workers in the construction sector.

Once the Integrated Fund comes into operation, the employers will not be liable to pay provident fund, gratuity, injury benefits and compensation as mentioned above.

All workers shall be registered in the Integrated Social Security Fund. The Fund will also have a provision for the compulsory registration of domestic workers.

**Social security operated by Union Itself:** The Transportation Union and Construction Union of GEFONT have established a social security system for their members. The Transportation Union provides accidental leaves custody compensation in the case of accident. The Union also provides legal assistance to the members.

The Union in the construction sector has established sickness benefits and work injury benefits at the micro level.

GEFONT has also operated a health cooperative for its members. There is a micro health insurance scheme operated for the agricultural labourers in the western part of Nepal. It is trying to introduce such programmes in other areas as well.

*(Presented in Social security Seminar in Beijing; November 2005)*

## Social Protection for Workers in Informal Economy

*By Umesh Upadhyaya,*

### 1. General Background

Social Protection as the system of providing security to the members by a society against socio-economic contingencies and difficulties through public and collective measures has become more relevant these days.

The contingencies basically generated by sickness, maternity, injuries during the work, invalidity-disability, old-age, unemployment and death is quite visible and mainly talked in the formal sectors of employment.

The consequence may be the reduction in income or stoppage of income because of these causal factors. The ILO Convention No. 102 covers nine contingencies and provisions in the formal security system:

- Old-age benefits like provident fund, gratuity, pension
- Medicare
- Sickness benefits
- Maternity protection
- Workmen's compensation
- Unemployment benefit
- Disability – invalidity
- Family benefits
- Survivors benefit

Medicare, benefits to family members and children of the workers and survivors' benefit in case of the death of the bread winner of the family are also included within the system.

However, a small proportion of working masses is benefited by these provisions and the small portion is also being smaller and smaller with the changing pattern of employment as a result of globalization and labour flexibility. Thus the concept of social protection in a broader

perspective to cover entire working masses has developed in the contemporary world.

**2. Increasing insecurity – The present day reality**

- Declining employment in the formal sectors and fast growing contract, sub contracting and in-formalization.
- Fast erosion of traditional joint family system and loss of family based collective base of protection
- Land being more and more insufficient for providing employment and livelihood
- Declining welfare expenditures of the State and GOs
- Market being pushed as a more powerful mechanism than the government
- Instability and insecurity increasing basically on political grounds
- Poverty being more and more acute.

Thus for informal sector and informal economy workers, separate thought and protection system has become more and more essential mainly because:

- Formal social security system based on ILO Convention 102 is focused on middle income groups and urban middle class
- Informal sector always overcrowded by agricultural and construction workers, where there is no provision of social protection system
- If some protection measures could be introduced and effectively implemented, the majority of the rural workers will be covered.

**Difference between formal & informal sector**

Formal contract & letter of appointment	Verbal Contract and no appointment
Regularity of employment	Irregular employment
Fixed wage rate	Uncertain wage rates – Low income
Fixed working Hours	Long & uncertain working hours
Legal provisions of protection	Non existence or poor level of legal protection

**3. Informal workers in Nepal**

Of the total population of 23.15 millions, size of labour force is 11.2 millions with an annual growth rate of 2.4 per cent. Female labour force



covers 47 per cent of the total labour force, but female accounts for only 4 per cent of the formal sector employment. Agriculture is the female concentrated sector, where approximately 62 per cent labour force is made up of women workers. About 87 per cent of total female labour force and 67 per cent of total male labour force is engaged in informal part of the economy.

Only 16 per cent of labour force is engaged as regular paid employees in various sectors, whereas 40.3 per cent is engaged in self-employment. The proportion of unpaid family workers is very high at 43.3 per cent of the total labour force. In a gender approach, 52 per cent of males and 28.7 per cent of females are self-employed, while 24.3 per cent of males and 7.7 per cent of females are in regular paid jobs. Consequently, 63 per cent of females and 23.3 per cent of males are in the status of unpaid family workers.

Both unemployment and under employment are at a serious juncture. On the other hand, number of children at work is nearly 2 millions, where half a millions are from the age group 5-9 years. Out of the two million working children 54 per cent are girls and 46 per cent are boys.

**Table 1:** Formal & Informal Employment of Persons  
Aged 15 Years and Above

Sector	Agriculture	Non-agriculture	
		formal	informal
Total	7,203 (76.1)	603 (6.4)	1,657 (17.5)
Male	3,176 (67.1)	509 (10.7)	1,052 (22.2)
Female	4,027 (85.2)	94 (2.0)	605 (12.8)

(in '000)

Source: NLFS, 1999.

*Note: Figures in the parentheses are percentage of total workforce, of total males and of total females.*

Though formal sector of the economy is being pushed towards fast informalization, it is observed that a process of gradual formalization of the agricultural sector is going on simultaneously as agriculture is in the initial stage of modernization. So it is unrealistic to consider the entire agriculture as informal sector. Thus if we exclude the market agriculture workforce from total agriculture workforce and add it to formal sector to take it in a broader sense, the picture seems a little different (Table 1.6).

**Table 2:** Broad Categorization of Labour in Formal and Informal Sectors

(in '000)

Sector	Broad formal	Broad informal
Total	879 (9.3)	8584 (90.7)
Male	655 (13.8)	4,082 (86.2)
Female	224 (4.7)	4,502 (95.3)

*Source: NLF5, 1999.*

*Note: Figures in the parenthesis are percentage of total workforce, of total male and total female.*

If we add market agriculture workforce to formal sector and the rest of agriculture to informal sector, the broad formal sector workforce would be 9.3 per cent of the total labour force. Here, alarming is the gender distribution; only 4.7 per cent of the female labour force is engaged in the formal sector compared to 13.8 per cent of the males. As informal sector workforce is predominant in number and in percent (91 per cent) of the workforce, any intervention for social protection limited to formal sector workforce will definitely have a limited coverage and accordingly very limited success towards achieving welfare and covering social risk in a real sense.

The various groups of informal economy workers in Nepal can be categorized as below:

**Farm & Farm related workers:** Self employed, very small landholders, landless farm workers, tillers, cattle herders, former kamaiyas, Haliyas, daily wage workers, exchange labour under parma tradition, workers engaged in livestock, poultry, kitchen gardening, dairy, fisheries, sericulture and bee farming and so on.

**Trading:** Street vendors, hawkers related to different products including very small traders

**Craft workers:** Workers related to clay, metal, bamboo and wood works

**Construction:** Daily wage workers related to building construction, carpentry, road, stone quarrying, brick-kiln etc

**Transport:** Porters, cleaners, *Khalasis*, loaders, rickshaw pullers, repairing workers, *mistris*, auto-mechanics and helpers

**Micro Enterprises:** Family based enterprise workers in various types of production & services

**Small Scale & cottage Industry workers:** Workers in enterprises with less than 10 workers engaged in variety of production and services

**Traditional Occupational services:** barbers, cobblers, tailors, blacksmith etc.

#### 4. The Risks

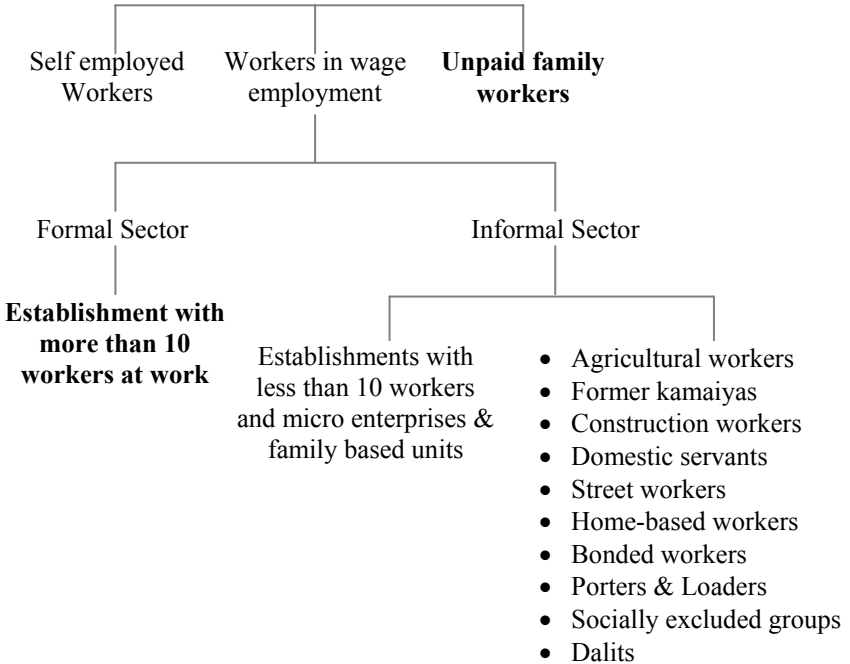
While talking about the social security also in terms of workers in informal economy, the nine-point social security system will be insufficient and not practicable in many cases. Therefore, all those collective and public interventions or measures are social protection which helps individuals, families and communities to become safe from a number of risks and help poor to become free from poverty trap. Thus in a broader sense, the objective of social protection system is to provide safety net from following risks:

<b>Natural</b>	Landslide, floods, earthquake, famine etc.
<b>Social</b>	Discrimination, crime, terror, domestic violence, civil war
<b>Economic</b>	unemployment, economic crisis, crop damage
<b>Environmental</b>	Pollution, deforestation
<b>Health</b>	Sickness, accident, injuries, maternity, invalidity, disability, old-age, death, epidemics

For the purpose, the efforts of any single organization, any single fund and any single programme will be insufficient in Nepal. Therefore, social protection system needs numerous activities and initiatives from a large number of organizations. Following organizations can be mentioned in this regard.

State → employers' organizations → trade unions
NGOs → co-operatives → welfare organizations
Insurance companies → hospitals & health providers
Community based organizations → Traditional/caste-ethnicity based/religious institutions and groups

## 5. Who Needs Social Protection



### Vulnerable Groups In Existing Socio-economic relations and conditions

- Disadvantaged due to caste, religious discrimination and class based discrimination,
- Occupational groups such as *Kami, Sarki, Damai, Gaine, Chamar, Doom, Musbar* etc.
- Porters and loaders
- Street vendors and *Nangla Pasales*
- Women workers in low income groups,
- Disabled,
- Child workers,
- People with HIV/AIDS, sexual diseases and leprosy
- Victims of prostitution and trafficking
- All Dalits

The **number in the vulnerable groups** can be summed up as follows:

Total Poverty stricken population	8,797,540
Landless agricultural population	5,540,896
Landless urban poor	581,018
Dalits	1,542,931
Disabled	77,846
Child workers	1,987,000

*(Source: Based on Population Census 2001 and National Labour Force Survey 1998/99)*

Number of wage earners is smaller among the vulnerable groups, and majority is in self-employed category. In each of the category, number of women is almost half. It is also to be noted that the vulnerable groups under poverty are not in the formal segment of the employment and hence a negligible number can be excluded as formal sector workforce. Therefore, addressing the informal economy and informal economic activities is urgent. So the priority in social protection should be directed towards:

- Access to assets and food security
- Micro finance and micro credit activities
- Skill training and promotion to micro enterprise activities
- Varieties of health protection schemes
- Other forms of social protection and social fund mobilization

**While prioritizing the groups, activities should be** landless focused, women focused, Dalit focused and disability focussed.

## 6. Existing Protection System in Nepal

With poverty incidence at 38 per cent the issue of working poor under extreme hardship suffering always from hand-to-mouth problem is the bitter reality in Nepal. It urges for maximizing the employment potential of informal sector and widening the degree and coverage of social protection.

There exist some provisions for social protection in the government sector covering civil servants and public sector employees. The benefits include maternity leave of 60 days, sick leave, limited medicare-work injury-work accident, death or invalidity, gratuity based on service years, provident fund of 10 per cent of the wage/salaries, and pension in the formal part of employment. (Annex 1)

Similarly, the schemes for regulated private sector include negotiations covering maternity leave (maximum 52 days), some coverage of work accident-work injuries-death-invalidity, gratuity based on service years and provident fund. (Annex 2)

However, informal economy workers are outside the formal system of social protection and are only benefited to a negligible extent through charity and welfare arrangements. The need for broad based social protection is increasing more and more not only for the wage earners but also for the self-employed poor in various castes, communities and socially excluded groups.

Under scattered initiatives from formal/institutional mechanism, some important government initiatives are as follows:

- Senior Citizen and Helpless Widow Allowance
- Small Farmers Development Programme
- Intensive Banking Programme
- Production Credit for Rural Women
- Banking with the Poor
- Rural Development Bank programmes
- Baal Mandirs
- Livestock Insurance & Crop Insurance
- Programme for Disabled
- Health services of government Hospitals and Health Posts
- Social Assistance through Centre and Local government
- Rehabilitation and relief works

Similarly NGO/INGO/Civil society initiatives are in charity type works including some income generation, education support, and health support programmes.

Trade Union initiatives in non-formal education, health camps, income generation activities, covering of relief during strikes/lockouts and natural calamities are important. Health cooperatives and programmes against accidents are significant.

Other health providers like Public Health Concern Trust, Kathmandu Model Hospital, BP Koirala Institute of Health Science and BP Memorial Hospital, Lalitpur Medical Insurance scheme are also significant but their coverage is small.

Financial cooperatives, farmers organizations, women organizations are also working basically for informal sector working population but they have no particular social protection schemes.

Apart from the formal mechanisms, there are informal traditional ways to protect from emergencies and difficulties, which are outside the conscious arrangements of modern society. These informal mechanism cover the protection through family, community, kinship groups, religious institutions, caste-ethnicity based arrangements for various groups.

## 7. The Way Ahead

A Mix-up programme with 4 dimensions may prove to be fruitful

**Occupation-based methods**

**Caste/Ethnicity-based methods**

**Area-based methods**

**Gender-based methods**

Broad based package having separate initiatives of different actors and also the packages of tripartite or bipartite collaborations have to be launched. The role of state and VDCs/Municipalities/DDCs is most significant. Equally important is the role of trade unions and employers organizations. As the fourth partners, NGOs, civil society organizations, micro fiancé institutions, cooperatives, welfare organizations, and informal organizations of the people would be suitable. The spirit of community self-help and protection needs to be capitalized for initiating extended protection activities. Mobilization of VDCs/Municipalities is inevitable to implement schemes of all actors in local level. There is an immediate need to start research and document the scattered informal systems of social protection across various group of population with a view to extend the coverage in social protection. In addition, launching of few experimental social protection schemes covering geographical pockets and groups of population has potential to pave way to evolving informal systems to extend protection to informal labour force and vulnerable population.

## 8. Actors and their Revised Roles

### The state

- Selection of target groups and designing Schemes for predetermined specific target groups - may be in a phase wise manner
- Introducing Tax-based funds and contributory funds to support the targeted population
- Designing and effective launching of Health Insurance schemes through Zonal hospitals, District hospitals and local health posts and linking local doctors and health workers with working masses.
- Registration of wage workers and workers as well as unemployed from poverty stricken groups in each of the VDCs/Municipalities for the purpose of social protection initiatives.
- Special arrangement for pregnancy and maternity care by VDC/Municipality assisted by DDC and Ministry of Health.
- Extended labour inspection mechanism (to ensure minimum wage and labour rights) in each district by sound networking of labour offices of the government.
- Mobilizing compulsory contribution of private sector health providers i.e. Private hospitals, Medical collages, nursing homes, clinics etc. in health insurance schemes and ensuring free medicine contribution by drug companies both internal and outsiders
- Proper utilization of existing National Welfare Fund for formal as well as informal sector by introducing new regulation on it. (National Welfare Fund is based on undistributed portion of bonus in the formal sector enterprises in addition to the Local Welfare Fund for the workers of concerned enterprise workers, which at present has reached up to Rs. 130 millions and is increasing).
- Separate Social Protection fund for informal sector with special schemes and phasewise implementation based on registration and membership.
- Ensuring incentives through legislation, decentralization and maximum utilization of social funds with higher emphasis to the



protection-providers and other actors focusing mainly health protection.

- Revising the nature of Senior Citizen Allowance as selective in favour of poor citizens rather than existing universal scheme.
- Introducing housing scheme for rural landless and urban poor in cooperation with international community, for which landless dalits and helpless widows can be targeted in the first phase.
- Promotion to cooperatives, micro cooperatives and self-help groups and to encourage collective efforts for social protection and social assistance.
- Food Security Schemes in cooperation with local and international actors.
- Channelling poverty alleviation funds for working poor and unemployed groups mainly in remote rural areas also by developing the road infrastructure and creating market for more economic activity.
- Establishing a broad based relief fund for protection against natural calamities and emergencies
- Separate and special programmes for socially excluded groups with basic focus on Dalit population, disabled, T.B.-Leprosy-HIV/AIDS victims, sex-workers, trafficked women.
- Research, database preparation and publication.
- Classification of various viable schemes for implementation in short run and long run to go in phase wise manner.

### **Employers' Organisations**

- Obligatory arrangement to cover employment injuries and work accidents by the individual employer not only in the informal sector but also in the informal employment to the maximum possible extent.
- Ensuring employers' contribution in VDCs/Municipalities in local funds for social protection and social assistance.
- Awareness creation among individual employers in favour of social protection and its higher productivity effects.

- Ensuring regular contribution from individual employers in the Relief Fund for protection against natural calamities and emergencies.
- Skill training and technological adjustment training directly or indirectly through the support to other institutions.
- Obligatory arrangement to implement minimum wages effectively.

### **Trade Unions**

- Lobbying and pressurizing the government and employers for new initiatives for social protection and for further improvement
- Organizing and sensitizing the workers in all informal employment covering both self employed and wage workers
- Establishing and operation of self-help groups and workers cooperatives
- Skill training and training for making workers familiar with fast changing technologies
- Operation of specific schemes for specific groups from the unions in centre as well as local level
- Special programmes against natural calamities and emergencies.

### **Cooperatives**

- Development of health cooperatives among all self employed and wage earners
- Cash crop cooperatives and dairy cooperatives among small and marginal farmers
- Developing cooperatives in the sectors of public utility services

### **NGOs**

- Special activities of protection in particular sector like child labour, bonded labour, women, girl children, agricultural workers, and construction workers.
- Protecting through intensive work on special issues like prostitution, environment, income generation, health, and natural calamity management.

- Lobbying and advocacy
- Skill training and adjustment training with new technologies for both self employed and wage workers in collaboration with other actors
- Support services in education, health, sanitation, income generation
- Research and publication

### **Micro-finance Institutions and Micro Finance Units of Banks and Non-bank Financial Institutions**

- Saving Credit activities towards rural poor specially those targeted by the national policies and programmes
- Promoting financially and technically the income generation activities with intensive inspection system so as to avoid misutilization of financial resources
- Introducing and operation of various insurance schemes related to health, livestock, crop etc.
- Research and publication.

### **Welfare Organizations of National and International Levels**

- Supporting and Capacity building of local organizations which are working on various types of protection activities and providing incentives to social organizations in the field of social protection
- Extending various support services for education, health and income generation focused on dalits, disabled and women and child workers
- Funding genuine and revolving type of funds in national and local level
- Policy Lobbying with the government for extension and improvement of social protection system
- Research and publication

### **Informal Organizations of People**

- Promoting indigenous schemes and practices to modernize and to widen the coverage whether those may be caste-ethnicity based or locality-community based.

**Annex 1: Schemes for Civil Servants and Other Public Sector Employees**

<b>Contingencies</b>	<b>Benefits</b>
Maternity	60 days paid leave, 2 times during service tenure
Work Injury	If overseas treatment is needed, Medicare (mentioned in the last row) + amount decided by a committee formed under regulation based on recommendation of Medical Board + paid leave
Work Accident	Full medical expenses + medical facility mentioned below + paid leaves If job is terminated due to invalidity, payment of Rs 10000 + 20 percent of monthly salary as invalidity pension + normal pension
Death by Work Accident or Life Long Invalidity	Pension + 50 percent of the pension + salary of 3 months <b>Survivors benefit and family benefits</b> Pension for 7 years to the spouse as survivors benefit Education allowance of maximum Rs 2400 per year for 2 children up to the age of 18 + maximum 15 percent of basic salary Rs 1800 in case of non-gazetted employees
Voluntary Retirement	<b>Gratuity based on service years</b> For 5-10 years of service – ½ month's salary per year For 10– 5 years of service -1 month salary per year For 15-20 years of service –1.5 months salary per year
Old Age	<b>Provident fund</b> 10 percent contribution from employee's monthly salary + matching contribution by the employer (HMGN) is deposited to PF account and paid in lump-sum along with compound interest to the respective employee/heir on his retirement/death <b>Pension</b> Monthly pension = salary at retirement X service years/50
Death During Job Tenure	Administered through EPF from welfare fund ranging from Rs.40 to 75 thousand Employees in health service Rs 150,000 For Maoist Victim Police Families Rs 700,000
Sickness	12 days paid leave per annum
Medicare	Officers = 12 month's salary in the entire service years Non gazetted I = 18 month's salary Non-gazetted others = 21 month's salary In case of fatal disease, assistance up to Rs. 100,000 in recommendation of Medical Board.

**Annex 2: Existing Schemes for Private Sector Employees in the formal sector**

<b>Contingencies</b>	<b>Benefits</b>
Maternity	A paid leave of 52 days two times during service period 45 days in tea estates
Work Injury	Full medical expenses under certification of Doctor + paid leaves in case of hospitalization, but half-paid leaves if not hospitalized.
Work Accident	Maximum 5 years' salary depending on the quantum of disability Maximum 4 years' salary in tea estates A detail of the quantum of disability and compensation is provisioned in Regulation under Workmen's Compensation.
Death by Work Accident or life long invalidity	Salary of 3 years to the nearest family member + priority in employment to one of the family member
Voluntary Retirement	Gratuity based on service years for tea estates For 4-10 yrs- 10days salary per year For 10-15 yrs-15 days salary per year For 15+years -20 days salary per year Retrenchment benefit For 3-7 years- ½ months salary per year For 7-15 years-20 days salary per year 15+ years- 1 month's salary per year Retrenchment benefit is alternative to gratuity
Old Age	<b>Provident fund</b> 10 percent contribution from employee's monthly salary + Equal contribution by the employer to be deposited to PF account Total amount with compound interest pay back to the respective employee/heir on his/her retirement/death 5 percent of monthly salary contribution in the case of tea estates
Death During Job Tenure	Payment depends on practice of the enterprise and strength of the union
Sickness	Half paid leave for 15 days per annum
Medicare	First aid to all Compensation to all from National & local welfare fund created through bonus fund under Bonus Act 1974 (70 % of fund remaining after bonus distribution goes in Local Welfare Fund and 30 % in National Welfare Fund) Immediate relief from welfare fund to family member also in case of accident or sickness.

**Annex 3: Traditional Community-based Protection Activities in Nepal**

- Guthis: A kind of family held or community held welfare trust basically associated with religious institutions/ temples
- Dhikur or Dhikutis: Collection of mutually agreed amount in a group and provision of credit turn by turn through lottery working automatically as a rotational financing system.
- Dharam Bhakari: A grain bank of villagers in local level, where villagers of the small locality deposit for future use of the village households.
- Mutual Aid Arrangements: Cooperatives and self help organizations as well as small welfare fund arrangements.
- Paincho: A loan in kind not in cash for a short duration which is common in all Nepali households in every community and caste/ethnicity.
- Parma: Exchange of labour in village among households and families during peak farming season which ensures labour supply without any payment.
- Saghau: Helping in kind and labour to each other in the Magar community.

Traditional cultural and religious arrangements in local levels and Caste-ethnicity-based Arrangements like Marwadi /Jain/Agrawal/Tamu /Langhali/ Sherpa/Thakali service trusts

*(Presented in International Conference on Social Protection in informal economy, May 16-17, 2003, Mahatma Gandbi Labour Institute, Ahmedabad)*

## Analysis of the Wage Structure in Nepal

*By Rudra Gantam*

### Introduction

Nepal is one of the least developed countries in the world sandwiched between two highly populous countries with strong economy (China and India). The economy of the country is dominated by traditional agricultural providing employment to nearly 76 percent of its labour force. The GDP growth is negligible in comparison with the population growth. Industrialization is very low although modern industries began operating in Nepal in 1936. The employment generating capacity of the existing industries is quite unsatisfactory. The situation has gone worse with the onslaught of the new economic policy (privatization, liberalization and globalization). Statistics shows that at present the existing number of industrial units is going to be declining while being unable to compete with imported cheap foreign products in the domestic market, which enjoys no protection from the government against 'free trade'. Now it is estimated that only two percent of the total labour force is employed in manufacturing sector.

In the early phase of industrialization labour was considered only as a factor of production like others. But during the course of time both the government and employers recognized the importance of labour in the economic reconstruction. They started to pay due attention to the interest and welfare of labour since the first recorded labour movement of 1947.

During the interim period (1951-59) labour unions were relatively free to operate although their activities were not legalized. They were suppressed during the party less Panchayat System where all labour unions were banned along with the political parties. Only since the restoration of multiparty democracy in 1990 have they become free again to operate their activities and get organized. Their rights to organize through were recognised by the Constitution of the Kingdom of Nepal

1990. The first Labour Act was constituted in 1992 for the welfare of the workers. In the same year (1992), Trade Union Act was also enacted adding to the welfare of the workers community as far as the legal framework is concerned.

### **Wage Determination**

Wages of workers are considered a principal cause of industrial disputes in most of the developing countries. Nepal is not an exception to this. A study on the causes of industrial disputes reveals that nearly 65 percent disputes were associated with wage and fringe benefits of the workers (Pant and Manandhar, 1998: 209). The prevalence of a low wage rate has aggravated the extent of economic exploitation of the workers although there are no specific studies on the degree of exploitation of employees that exists in both the traditional as well as modern sector of the economy. A crude assessment reflects that employers themselves are retaining a greater part of profits and benefits and only a small part to other sectors including social securities and labour welfare activities. Wages and other benefits are not compatible with increasing productivity and overall economic development of the country (Dahal *et al.*, 1999: 31-32).

Wage determination had taken several forms during the Rana regime. In the early stage of industrialization the labour market was neither competitive nor organized. Government intervention in the labour issues was rare. In this situation the employers decided the wages of the workers unilaterally. Under such circumstances the employers did not have any legal obligations towards welfare services for industrial workers.

After the advent of democracy in 1950 labour unions came into existence and demands were made for wage increments and fringe benefits. Strikes and lockouts emerged when workers demands were not fulfilled (Pant and Manandhar, 1998: 203).

In the third stage of wage determination, the **Factory and Factory Workers Act** came into existence in 1959 as a first labour legislation. Unfortunately this legislation was enforced only after 1961 with modifications because of changes in the political system of the country in 1960. The Act provided that the government should prescribe minimum wages of all categories of industrial workers. The government was also expected to constitute a committee to submit recommendations on minimum wages under the provision of the Act (ILO, 1998:106).



Similarly the Act incorporated some protection measures on the issues of wages in favour of workers including the provisions of punishment against unauthorized deduction of wages. But this Act was not enforced. The first Wage Recommendation Committee was set up in 1965 to enforce minimum wages while it was notified that the minimum wages given by industries to the same skills category of workers differs vastly in the same area. It is surprising that in the manufacturing sector there is variation in the market wage rate and prevailing wage rate on the one hand and on the other intra-industry variation in wages is still prevalence contrary to minimum wages already fixed by the government.

The Labour Act (1992) has a provision of the fixation of minimum wage on the basis of recommendations made by the **Minimum Wage Fixation Committee**. The government can fix minimum wages of the workers only in case of the absence of the committee. The committee is constituted with the equal representation of three major social partners of industrial relations. Informal sector workers were deprived of the minimum wage fixed by the government earlier. Only in 2000 AD the government of Nepal fixed minimum wages for agricultural workers. Tea estate workers also have a minimum wage for a few years now although the rate is lower than the one in the manufacturing sector.

The first Wage Fixation Committee (1965) fixed the wage rate considering the subsistence need of the workers, their efficiency and paying capacity of the industry. The rising cost of living was met by dearness allowance. But the subsequent increments were based mainly on the influence of the workers representatives in the tripartite committee responsible for the fixation of wages.

### Wage Structure

Looking at the trends in minimum wages for different skill categories of workers in the manufacturing sector since 1965 shows an increasing trend in monetary terms (Table 1). The gap between unskilled and highly skilled workers is narrowed down in each increment since 1973 with only few exceptions. The increment after the restoration of multiparty democracy shows equal amount for all categories of workers. Highly skilled workers got 181.25 percent more wage in the beginning (1965) as compared to unskilled counterparts. It declined gradually and came down to 13.67 percent in 2003. As of the trade unionists, the skill categories are based on simply the occupation they are involved in rather than any other established norms. Thus they are willing to abolish such

skills category. The table also highlights that there is no fixed system of periodic adjustment of minimum wages, which were fixed on ad-hoc basis in between two to eight years since 1965. Ten adjustments out of 12 were made only since 1980.

The minimum wage rate in 1965 was fixed only in limited industries of Biratnagar, in eastern Nepal, where modern industries originates. The same wage rate was extended to other industries and districts of the country in 1966. Only the 1973 adjustment covered all industries all over the country.

**Table 1:** Minimum Monthly Wage Rate\* in Nepal by Skill Category 1965-2003  
(Manufacturing Sector) (In NRs)

Year	Category of Workers				MDW** (7)	Difference between Higher & lower wages (%)
	Unskilled	Semi- skilled	Skilled	Highly skilled		
1965	110	137.5	206.25	309.38	-	181.25
1966	110	137.5	206.25	309.38	-	181.25
1973	150	173	228	320	-	113.33
1978	250	280	340	440	8	76.00
1980	310	349	427	557	10.4	79.68
1983	375	415	502	648	13	72.80
1985	475	515	602	748	17	57.47
1987	582	632	740	923	22	58.59
1989	850	900	1008	1191	32	40.12
1992	1150	1200	1310	1500	40	30.43
1995	1450	1500	1610	1800	50	24.14
1997	1800	1850	1960	2150	63	19.44
2000	2116	2166	2276	2466	74	16.54
2003	2560	2610	2720	2910	90	13.67

Note: \*Wage rate including dearness allowance

\*\* MDW stands for Minimum Daily wages

*Source: Labour Department, MOL, Kathmandu.*

The concept of reducing wage differences among different skill categories of workers mainly after 1990 may be the policy to avoid such categories fixed without any concepts and definitions

The minimum wage increased about 17 times during the 38-year period since 1965 (Table: 2). But on an average it increased by less than the

inflation rate in the country. While considering the wage rate in terms of US\$ it has reached 1.7 times more during the same period. Those who were getting \$ 20.44 in 1965 are now entitled to get \$35.31 (Table 2).

**Table 2:** Change in Wage Rates of Workers in Nepal 1965-2000.

Year	Monthly Average wage rate in (NRs)* (Weighted)	Change over the years (%)	Wage in US \$**	Change over the years (%)
1965	157	-	20.44	-
1966	157	No charge	20.44	No charge
1973	190	21.02	17.92	-12.33
1978	296	55.79	24.46	36.50
1980	370	25.00	30.58	25.02
1983	440	18.92	30.14	-1.44
1985	540	22.73	30.34	0.66
1987	663	22.78	29.08	-4.15
1989	931	40.42	33.73	15.99
1992	1232	32.33	28.79	-14.65
1995	1532	24.35	30.07	4.45
1997	1882	22.85	32.84	9.21
2000	2198	16.79	31.22	-4.9
2003	2642	20.20	35.31	13.10

Note: \*Weights 4,3,2 and 1 have been assigned to unskilled, semi-skilled, skilled and highly skilled categories of workers respectively, because the proportion of workers to the total workers decrease as their skills increase.

\*\* Exchange rate was taken from NRB quarterly bulletin Vol. xxxiv, No. 3 & 4, 2000 and Rising Nepal.

As calculated by Ajeet N. Mathur, the subsistence wage of the workers (based on 1990 prices) should at least be NRs. 1765 (US\$ 60.24) to address basic subsistence needs of the worker and their three dependents. But during that period the wage was slightly more than half (\$33.73) of the required minimum subsistence. Similarly, the minimum subsistence wage rates calculated by one of the leading trade union confederations of the country – the GEFONT—in 1990, 1992 and 1994 were NRs 1274.5, 1478.83 and 1941.77 respectively, equivalent to US\$ 43.5, 34.55 and 39.16 respectively. GEFONT had submitted the wage rates to the **Wage Fixation Committee** with details of commodities essential to a family living, including children's schooling and so on. But the actual wage paid to the workers was lower than the proposed ones, thus forcing them live in stark poverty.

This is not to say that the wages have not increased over time. But they have always fallen short of meeting the inflation rates. In fact the real wage has declined every year (Table 3) leading to a decline in the living standard. In real terms the wage rate of Nepali workers has declined by 36.31 percent in the past 38 years since 1965. Consequently, labour productivity did not increase as of expectation thereby directly affecting the economic development of the country.

**Table 3:** Real Wages of Workers (1965-2003)

(Base year 1965=100)

Year	Consumer Price Index (CPI)*	Money Wage Index**	Real Wage Index***
1965	100.00	100.00	100.00
1966	101.83	100.00	98.20
1973	157.29	121.02	76.94
1978	222.10	188.54	84.89
1980	378.43	235.67	62.28
1983	506.95	280.25	55.28
1985	611.38	343.95	56.26
1987	769.03	422.29	54.91
1989	912.00	592.99	65.02
1992	1319.59	784.71	59.47
1995	1673.95	975.80	58.29
1997	1960.19	1198.73	61.15
2000	2311.73	1400.00	60.56
2003	2642.00	1682.80	63.69

Note: \*Central Bureau of Statistics and Nepal Rastra Bank.

\*\* Calculated on the basis of Table 2.

\*\*\*Money wage index divided by consumer price index times 100.

Unionisation in Nepal started only after the restoration of multiparty democracy in 1990. With the advent of democracy the real wage of the workers increased particularly in the manufacturing sector, by Rs. 14.26, testifying that there is a positive impact of unionisation on wage structures.

**Table 4:** Real wage of the workers 1992 to 2003

Base Year 1992=100)

Year	CPI	MWI	Real Wage
1992	100.00	100.00	100.00
1995	126.90	124.35	97.99
1997	148.60	152.76	102.80
2000	175.25	178.41	101.80
2003	187.69	214.45	114.26

### Minimum Wages of Minors and Tea Estate Workers

The government fixed the minimum wage for minors, aged 14-16, in the formal sector for a six-hour per day work. The wages were also fixed for tea estates workers. But the rate they get is lower than the one in the manufacturing sector. But within the tea estates wage rates vary on the basis of the type of job as well as between private and public tea estates. Variations can also be seen estates after estates. The wage rate fixed by the government is presented in table 5.

**Table 5:** Wages for Minors in Formal Sectors and Tea Estate Workers  
(in RS Including dearness allowance)

Type of Workers	1992	1997	2000	2003	Growth % during 1992-2003
<b>Minor</b>					
Monthly	900	1400	1644	2029	125.44
Daily	30	50	60	73	143.33
<b>Tea Estate</b>					
<b>Adult</b>					
Monthly	950	1438	1738	2083	119.2
Daily	40	50.5	62	74	85
<b>Minor</b>					
Monthly	725	959	1275	1527	110.62
Daily	25	34	46	56	124
<b>Agriculture</b>					
Daily			60		
Hourly			7.5		

*Source: Department of Labour*

The government has declared the minimum wage but it is difficult to implement because of anti-worker and anti-union mentality of various

employers. On the part of the government, there is no system of implementation and mechanism for monitoring the progress. From the very beginning, disputes have emerged with respect to the implementation of the wages particularly in the formal sector. Until a decade back, the wage of unskilled workers was higher than that of the peon/helper in the government. Now it is considerably low and the gap has increased alarmingly.

Wage issues have now become the most important agenda in the industrial relations in the country. If the government and employers do not take this matter seriously and if they fail to implement corrective measures, the workers will go frustrated resulting in industrial unrests and other adverse effects in productivity.

### **Conclusion**

Fixation of minimum wages in Nepal started only since 1965 for the workers involved in the manufacturing sector. The **Factory and Factory Workers Act** was enacted in 1959 as the first labour legislation with the provision of minimum wages covering the manufacturing sector only. A separate minimum wage is fixed for the workers in tea estates. But it is lower than the minimum wage in manufacturing industries. In 2000, the government fixed the minimum wage for the agricultural workers as well.

Available information shows that, time and again the wage rate has increased. Between 1965 and 2003, the wage has increased by about 17 times but in real terms the wage has declined significantly (36%).

For long, the minimum wages earned by workers fell far below the amount needed to satisfy the family subsistence. After the restoration of multiparty democracy some positive developments occurred in terms of real wages as a result of unionisation.

However, only the fixation of wages cannot maintain healthy industrial relations. Regular monitoring of the implementation of the wages is very important. In the case of Nepal, this aspect is fully absent. Workers in enterprises or sectors where union is absent or weak are still compelled to work for a wage that is insufficient to earn a living.

It is recommended that the minimum wage is fixed for workers taking into consideration the existing inflation rate, that the wage is reviewed periodically and a wage index is prepared separately for different sectors.

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### Additional Tables

**Table 1:** Real Wage of Workers, Nepal 1992-2003 (*Tea Sector, Adult*)  
(Base year 1992=100)

Year	Consumer Price Index (CPI)	Money Wage Index	Real Wage
1992	100.00	100.00	100.00
1995			
1997	148.60	151.37	101.86
2000	175.25	182.95	104.39
2003	187.69	219.26	116.82

**Table 2:** Real Wage of Workers, Nepal 1992-2003 (*Tea Sector, Minor*)  
(Base year 1992=100)

Year	Consumer Price Index (CPI)	Money Wage Index	Real Wage
1992	100.00	100.00	100.00
1995			
1997	148.60	132.28	89.02
2000	175.25	175.86	100.03
2003	187.69	210.62	112.22

**Table 3:** Real Wage of Workers, Nepal 1992-2003 (*Mfg Sector, Minor*)  
(Base year 1992=100)

Year	Consumer Price Index (CPI)	Money Wage Index	Real Wage
1992	100.00	100.00	100.00
1995			
1997	148.60	155.56	104.68
2000	175.25	182.67	104.23
2003	187.69	225.44	120.11

**Table 4:** Real Wage of Workers, Nepal 1965-2003  
(Base year 1989=100)

Year	Consume Price Index (CPI)*	Money Wage Index**	Real Wage Index***
1989	100.00	100.00	100.00
1992	144.59	132.33	91.52
1995	183.49	164.55	89.68
1997	214.86	202.15	94.08
2000	253.39	236.09	93.17
2003	271.38	283.78	104.57

*(Analysis prepared for GEFONT and published in the Economic Journal, 2003)*



## Trade Union Effort to Develop Labour Law in Nepal

*by Bishnu Rimal*

During the inception of labour movement in Nepal, due to the absence of clear-cut labour legislation and lack of proper knowledge on it, numerous problems occurred considering labour disputes. A Commission was then appointed in 1951 with a view to inquire into the then labour problems. It is obvious that the Commission formed in 1951, found that the root cause of all labour problems was the conspicuous absence of any law regulating labour management relations and suggested for the formulation of the labour law including the provisions of grievance, strikes and lockout provision of retrenchment and social security. The Commission also recommended the adoption of Indian Factory Act and Bengal Jute Awards to give guidance to industrial relations until the enactment of Nepalese labour law.

In order to develop private industry the need for an institution to provide economic and technical assistance was felt in the country. Therefore, in June 1959, Factory and Factory workers Act was enacted in the country with a view to maintain peace and tranquillity and ensure the economic welfare of the general public by making suitable arrangements concerning the proper management of factories, the safety and welfare of factory workers and settlement of disputes between factory employers and workers. This is the only Act to govern capital-labour relations and can be said a major landmark in the effort of protecting the interests of workers. But, this Act was enforced on December 1961 only with retrospective effect.

The first amendment of this Act was the result of the political changes on December 1960, which banned the political parties. In this amendment it has been defined the workers as adult, minor, and child. This amendment brought a big change in working hours by increasing it to 54 from 48 hours a week and 10 hours from 9 hours a day. The amendment gave no justification for the increase in the working hours.

The clauses concerning the workers right to form labour unions was dropped from this amendment and left no room for any kind of labour organisation at any level. The amendment also brought new provision for wages. These all were became possible due to weak union movement at the time.

In 1971 labour movement gained ground locally and a new insurgency had been launched in the country to oppose the tyranny of the absolute monarchism. To relax the situation, second amendment on Factory and Factory workers Act was initiated. In March 1973 second amendment had been taken place and this amendment reduced working hours from 54 to 33 hours a week and one and half days leave to the workers.

This amendment allowed the workers to strike if all the other legal means failed to achieve their justifiable demands. The amendment left limited room for the right to strike which came as a great solace for the workers.

Keeping in view the employers' dissatisfaction by this amendment, third amendment was made in 1977. This amendment increased working hours from 44 to 48 hours a week and instead of one and half days leave the workers now can get only one day's leave in a week. This amendment added a new provision about lockouts.

In the eve of popular movement of 1990 and then after GEFONT leads the movement to protect workers rights. By the time Nepal Factory and Factory Workers' Act has become not only uncontextual but was also as weapon of labour suppression. The Nepali Congress Party's government which came into the power by the first general election 1991, neither showed any sign of tabling a new labour bill nor try to reform the existing labour act, even in the first session of the Parliament. Therefore, GEFONT Chairperson and Parliament member Mr. Mukunda Neupane tabled in the House of Representative on August, 1991 three non governmental bills viz. **the Nepal Trade Union Bill-2048**, the **Nepal Industrial Relations Bill-2048** and the **Labour Bill -2048**.

In September 22, 1991 the speaker allowed Mr. Mukunda Neupane to seek permission of the session to present the bill. As soon after as Mr. Neupane had asked for the permission, an unscheduled Nepali Congress Party parliamentarian lodged a motion of protest. This divided the house into those who expressed it was objectionable and those who said it was

not objectionable. There was a long chaos due to the claim of the main opposition the Communist Party of Nepal (Unified Marxist -Leninist) that "we want the labour act, and that too passed by this very session" and the claim of the ruling party the "a serious bill like this should not brought in hurry, there could be many deficiencies".

At last there came a situation of using the *parliamentary formula* of "Yes" or "No". The entire opposition parliamentarians walk- out in protest. It was the first total walk - out of the house in session by the entire opposition.

The bills which tabled again on January 1992, the first day of parliament's winter session. GEFONT's claim, protest and foiling out in the first session and the re-tabling of the bills in the winter session pits a considerable pressure on the NC Government. The government therefore mixed two of GEFONT's bills--Labour & Industrial relations and tabled through the Labour Minister as Labour Act-2048. The bill with some objectionable provisions was proposed to be brought for deliberation on February 1992. Parliamentarian Neupane protested on behalf of GEFONT for not bringing the bill he had tabled for deliberation. The government was compelled to go along with an "understanding" when an amendment to the draft was tabled by Mr. Neupane. According to the "understanding " it was agreed that the bill would be brought to the house only after clause-wise discussion in the working committee and was adopted by the parliament as **Labour Act - 1992**.

There are number of provisions in *New Labour Act*. Under the clause of **Employment and security of service**, provision of classification of Job, appointment of worker and employee, engagement in work, computation of period of works, retrenchment and reinstatement, seasonal enterprise, job permanent and compulsory retirement has been included. Under the **working hours**, with a provision of *overtime pay*, it has been stated that 'no worker or employee shall be deployed in work for more than eight hours per day or forty eight hours per week and they shall be provided one day as weekly holiday for every week'. Besides, the new act has included provision of minimum remuneration fixation committee, prohibition on deduction of salary etc. A Provision Relating to Health and Safety has been specifically included. Several provisions like welfare fund, compensation, gratuity, provident fund and medical expenses, leave, provision of Quarters, relaxing room and Canteen

This Act has carried out some special provisions to be applicable to special type of enterprises like Tea Estate, Construction Business, business of Transportation, Hotel, Travel, Trekking, Adventure, Rafting, Jungle Safari etc. Instead, the Act, which has some 92 clauses, enclosed various provisions like conduct & punishment, tripartite committee, establishment of labour court and several provisions of settlement of labour disputes including CBA procedures.

Though this act has such provisions, still it was ambiguity and defective. Thus, new move to amend this act has been started. The GEFONT leads this and seek supports by the other social partners. Taking advantage when GEFONT Chair was the **Labour Minister**, first amendment in the Labour Act-1992 was made in early 1998. This amendment addressed the issues like provision of compulsory permanent, contract labour, clarification on determination of minimum wages, grade, wide coverage to transportation workers, clarity in conduct and punishment, work-permit to the migrant etc. This amendment has given right to the labour court to take an action itself on *contempt of court* to punish by imprisonment of 2 months and penalty up to Rs. 5000 or both to those blunt employers if they declined to implement labour court decision.

Concerning to the Labour Law, **Trade Union Act-1993** is another important landmark. This act has carried out some 31 Clauses to regularize trade unions in the country. This act is directly related to the Labour Act 1992 and has mentioned provision and process of registration of trade unions in enterprise as well as national level. It has also defines role and responsibility of trade unions and the process of recognition of the functioning unions.

Like the Labour Act -1992, this Act also had some defective clauses. Thus, the GEFONT initiated a move to amend this act with close co-operation of other concerned sectors.

The process of amendment had started from early 1997 and after tripartite discussion & consensus, it had been prepared in the form of Bill via the Ministry of Labour. From the summer session of the parliament in 1998, it was adopted and then sent to the Royal Palace for final seal. (*Date of royal seal is 31 March, 1999.*). This amendment has widened the paradigm of the trade unions where the entire mass of self-employed workers as well as the whole informal sector including agricultural workers can exercise the right of unionisation and form their

trade unions, special provision for agricultural wage-workers, position of small federations in non-enterprise trades and occupations clarifies, clarifies the process of the renewal of trade unions and amendment has made in representation of trade unions with far-reaching effect.

It is obvious that both of these acts are supplemented by Labour Regulation and Trade Union Regulation.

**Labour law in Table**

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<b>Working Hours</b>	• 48 hrs in a week
<b>Overtime</b>	• pay - 150% per hour • limit - 20 hrs in a week
<b>Annual Holidays</b>	• public holidays 13 days • House leave 18 days
<b>Maternity Leave</b>	• 52 days (in Govt. service, it is 60 days)
<b>Paternity Leave</b>	• no provision in law, union movement has got in some place as a token holiday through CBA
<b>Sick Leave</b>	• 15 days
<b>Others</b>	• OSH matters yes in Law • Labour law is not so bad but there is a question of effective implementation

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Besides these, there are numbers of Supplementary Laws in the field of labour. This can be listed as below:

- 1957 - Essential Services Maintenance Act
- 1974 - Bonus Act
- 1981 - Bonus Rules
- 1982 - Industrial Apprenticeship training Act
- 1986 - Foreign Employment Act
- 1992 - Industrial Enterprise Act
- 1993 - Labour regulation concerning tea estates
- 1994 - Privatisation Act
- 1995 - Children's Act

It is to be noted that the Foreign Employment Act-1986 has been amended in 1998 and its regulation has been just announced at 20<sup>th</sup> Sept. 1999 by the Government. According to the Foreign Employment Regulation 1999, the Government will establish a **labour attaché** in the countries that has over 5,000 Nepali labourers to look after their interest

and security. The regulation also sketches out the responsibilities of these businesses and the labourers themselves. According to the regulation, the agency will require to invest at least NRs. 2.5 millions in capital to set up business and should be able to provide employment to at least 50 aspirants in a year.

Failing to do so would automatically terminate their license. These agencies will also be required to find them employment that pays no less than US\$ 125 every month. Advertisements need to be published in national dailies that would have to specify the basis on the employment with deadline of at least seven days for application.

They will also need to update the government every six months on the state of these labourers and their operation and information on each of the labourers they have helped go jobs abroad. They will be allowed to take 25 per cent of the first month's salary from their clients who will be required to buy insurance policy worth at least NRs. 100,000.

**In conclusion** there are numbers of issues to be addressed yet, which can be listed out as following-

- There is provision of working hours, leaves and benefits but it varies with different business and the government services.
- Still there is unfair labour practices including bonded labour, which is not includes in the law.
- There is right to strike, but it has very long process- it needs some 66 days long legal process with 60% secret balloting system. But there is only 7 days notice enough for employers to lockout their business. There is no right to picketing.
- There is a not impressive measure to punish those employers who commits the mis-conduct mentioned in the law.
- Contract labour is a serous issue in this regard.
- There not proper coverage by law to protect the right and welfare of the agricultural labourers.
- It is mentioned in the law about equality between men and women; still it has to be implemented.
- There are 7 ILO conventions which have been ratified by Nepal. Four Conventions (No.29, 87, 105 &182) are in process of ratification. But still there are several cases of violations.

*(Summarised from articles published in Workers News and AMRC, year book in association with Umesh Upadhyaya; 2002)*

## Labour Law & Social Security in Nepal

*by Umesh Upadhyaya*

### Background

Since Nepal is one of the least developed countries of the world, the process of socio-economic development is far behind in comparison to others. Agriculture is the major occupation in a dominating position, which alone contributes 40.2 per cent of the GDP and provides employment to 81 per cent of the labour force, while industry & services engage 2.7 & 16.3 per cent of the labour force in Nepal. But agriculture is based on traditional technology and the nature of the employment in it is mainly self-employment. Actually, the labour force in wage employment in Nepal is 21 per cent, whereas self-employed labour force is 79 per cent. This dominance of self-employment and informal sector was much more significant in the past. Therefore, the development of labour legislation in Nepal had been very slow. It is only after 1990, particularly after the reinstatement of multiparty democracy in Nepal that the fast growth of trade union organizations and other types of organizations could become possible in the new open environment. As a result, the collective voice for the rejection of the old outdated labour law Factory & Factory Workers' Act 1959 was recognized and has been replaced by the new one, i.e. Labour Act 1992. Similarly, in order to ease and rationalize the organizational activities, Trade Union Act 1992 has also been enacted. Consequently, Labour Regulations 1993 & Trade Union Regulations 1993 have also been brought out to implement the objectives and provisions of the two Acts. Others are Bonus Act 1973 and Foreign Employment Act 1985 in this regard.

### Labour law in new perspectives

Although the labour laws in Nepal have been formulated and enacted recently, our socio-economic backwardness is reflected in it in the sense that various essential & progressive provisions are still not included therein. Effort has been cantered to formulate a labour law to include workers of all sectors, but, in reality, it is incomplete for every sector.

The Labour Act 1992 is formulated keeping in view only the formal sector workers and hence the huge workforce of the country in unorganized informal sector has been excluded & neglected. Moreover, the weak labour administration & government mechanism has been found ineffective in the implementation and enforcement of a number of provisions of the law. Even the minimum wages determined by the tripartite Minimum Wage Fixation Committee have not been enforced widely & effectively. Clear & complete provisions are still lacking in connection with methods & mechanism for the enforcement of decisions and of collective agreements reached under the law. In the absence of systematic, concrete and dynamic labour policy, labour legislation in Nepal has not been able to address the problems and issues in this regard. Therefore urgent need is to formulate, amend and extend the coverage of the labour laws in a simple, adequate and comprehensive manner.

Because of the increasing speed of liberalization in our country, threat to the interests of the working masses has increased manifold. The job-security & employment-security are heavily endangered. Formal sector, too, is being formalized through the subcontracting of work and subcontracting of labour. In the name of gaining competitiveness, cost minimization and comparative advantage in international trade, the responsibility of sacrifice and the entire burden is hastily being shifted to the workers. Unfortunately, the government is facilitating the employers and the market instead of shouldering its social responsibility for the working masses. This tendency is mainly visualized in carpet and garment industries, the major export sector in Nepal. But legal provisions do not protect workers in this condition.

With the blind and haphazard privatization of Public Enterprises, both the production and employment have been adversely affected. Though there is no mass retrenchment, slow group retrenchments have been observed. From Privatized public enterprises, 19.8 per cent of the workers have already lost their job and many others are waiting for the same. The extent of permanent workers is gradually going down and the number in contract & casualization is sharply increasing. The vast majority of workers is in informal sector which is unprotected and neglected by the labour laws. Only 10 per cent of the work force under the wage employment is in formal while 90 per cent is in unorganized sectors of the economy. With offensive policies of globalization, this low proportion of the formal sector is endangered to further deterioration



pushing new entrants of the labour market to informal sector. The conditions in informal sector are miserable and danger is of further & additional misery. The long working hours, low payment, the widespread use of child labour, existence of bonded labour in the form of Kamaiya system, gender discrimination in wages & terms of employment, no minimum wages in unorganized sectors and non existence of any social security measures are the basic characteristics existing at present in informal sector.

Therefore, the need is to protect formal sector workers from being informalized and to minimize the adversities of the informal sector workers to the possible extent. This requires strong national resistance movement against the adversities of globalization in favour of the entire working population of the country. The building up of the movement is not possible without proper mobilization of informal sector workers, mainly the vast majority of the rural and agricultural workers. Thus, unionization of informal sector with more emphasis to rural and agricultural wage earners simultaneously with the policy intervention by trade union confederation for labour law revision may give favourable result in this regard.

### **Social security: existing scenario**

In countries like Nepal, where mass poverty has become a common phenomenon, active state intervention is necessary. Without strong, well-determined and committed state intervention, returns of the economic growth & increased productivity never go to the weaker sections of the society. State protection of workers both in formal & informal sectors through labour law, strict enforcement and other socio economic measures is inevitable in Nepal. The most important is the social security system in this connection. Through social security measures and wide network & coverage, government can play vital role in this regard. But the scenario in this respect in Nepal is quite frustrating and while over viewing the situation, we may encounter a gloomy picture.

In Nepal, wage structure is very weak and limited. Incentive earnings are very few and limited to a few enterprises. Fringe benefits like residence facility or allowance, Medicare, educational facilities for the children, transportation, ration, child care centres, entertainment, life insurance, credit facilities etc. are limited to a few establishments and are far from the access of the workers of most of the industries and services. In short, additional to the basic wage/salary are negligible. Wage indexation is also

a dream like element in our realities. Therefore, social security system has become more relevant and urgent in our case. A combination of social welfare and social security covering the whole working population can combat the problems created by acute poverty in our country. While reviewing the statistics from 1977 to 1996, we find that poverty is increasing. It was 36.2 per cent in 1977, 42.5 in 1984-85, 40 in 1990 and 45 per cent in 1996. Comparing the situation with our south Asian neighbours, the percentage of poverty is in a declining trend in Bangladesh, India and Pakistan, but not in our case.

A few provisions of social security have been included in the Labour Act 1992. Among them are sick leave, maternity leave of 45 days, workmen's compensation, provident fund & gratuity as the old age benefit, and some OSH provisions. Besides, Childcare centres, canteen and welfare officer in every enterprise are other provisions. But this Act covers the establishments with more than 10 workers & the industrial estates and hence too limited in its coverage. Moreover, the responsibility of these provisions is solely left to the employers. The schemes of social insurance or security based on funds created by the tripartite contributions of workers, employers and the government are non-existent. Thus, we are in a phase of infancy with regard to social security.

An initiative was taken by UNDP/ILO in Nepal to establish and extend social security system under a project 'Social Security Planning & Administrative Reform'. It was a good research producing fair recommendations. As a result, the Ministry of Women & Social Welfare is trying to develop 'National Pension Scheme'.

The present labour law has not visualised the high positive effect of social security in productivity improvement. Outside the organised sector, nothing mentionable can be found in relation with social security or welfare. The single provision through annual budget is the provision of Rs.100 (USD 1.5) per month as the old-age allowance for the senior citizens above the age of 75 years and widows above 65. The Non Government Organisations are active to extend social welfare measures among the disabled persons, but organisations active for the social security of working population are not in existence. Trade unions have raised voices strongly for social security, but most of them have not launched any scheme on their own. General Federation of Nepalese Trade Unions has started an emergency fund scheme which might be considered a milestone in this respect. The scheme has become highly

popular among its members. Similarly, Independent Transport Workers' Union of Nepal (one of the GEFONT affiliate) has been able to operate Accident Fund successfully for its members.

Anyway, revision of labour law in order to establish a system of contributory social security fund and to launch various diverse schemes is extremely necessary. It is important also for the effective alleviation of poverty. The existing labour law has not tried to establish any system for social security. There are no provisions on occupational diseases. The provisions are specified in accordance with the degree of disablement and the injury in connection with workmen's compensation, but these provisions are salary-based, not based on age factor. Loss of earning capacity must not be tied only and strictly with wage/salary, which is a serious lacuna in the existing provisions of Labour Act. Similarly, the present legal provisions treat gratuity and retrenchment compensation as alternatives to one another. It is a wrong understanding and needs to be corrected.

Thus well-organised social security system for us is inevitably important in order to enter 21st Century. For the purpose, a sound labour law structure in combination with labour-friendly socio-economic policies & measures are essential at present.

Finally, it is to be noted that the policies of liberalisation have caused deductions in social expenditures. Even the state expenditure in education and public health is being curtailed, at the same time the burden of the foreign debt has constantly increased. Hence, the hardships and difficulties of the working population have increased tremendously. The major consequences have been observed in the deteriorating living standard. Since the market deregulation has removed restrictions on prices, cost of living has increased. On the contrary, real wages and hence the real incomes have declined. Thus, one-way emphasis to productivity is practically insufficient to solve our problems and redistribution through sound labour legislation & comprehensive social security system is the requirement at present.

*(Presented in International Forum on Labour Law and Social Security  
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## Poverty, Wage Structure and Social Security

by *Umesh Upadhyaya*

### 1. Background

Poverty, in the contemporary world, is in expansion as a giant socio-economic problem. According to Human Development Report-1997, more than one-third of the world population is poverty stricken. Even in the industrial countries, almost 10 million people are below poverty line. During 1960-1996, world income increased by six times, and the share of OECD Countries increased from 6 per cent in 1996 to 70 per cent in 1990, whereas the poorest 20 per cent of the world population gets 1.1 per cent of the world income which was 2.3 per cent in 1960. It is an indication of the conditions in least developed countries.

In South Asia, 43 per cent of population falls below poverty line which was 45 per cent in 1987. Thus the percentage of the poor has declined, but the actual number of poor has increased highly. As an example, we can look at the statistics of India, whereas 164 million people were under poverty line in 1951, it is 320 million at present.

However, poverty alleviation programmes have been launched in every country, unfortunately majority of the programme have not been effective. Experiences of various countries verify that increased productivity alone can not minimize poverty. Similarly, trickle-down theory based on growth-led poverty alleviation strategy has come to a failure. Therefore, for least developed countries, there is an urgent need of restructuring their socio-economic development strategy with the prioritized objective of poverty alleviation. With a focus on productivity, extension of gainful employment and comprehensive social security, National policy should be readjusted. Self-employment can be made gainful through various income generating and skill-training programmes based on backward areas, communities and women. On the other hand, wage structure should be changed so as to make wage employment gainful. Efforts should be cantered to change the distribution system in order to increase the share of wages in national income. Extension of

social security network and various welfare programmes will also play a vital role to make the distribution system equitable.

## **2. Poverty: extent and nature**

The first effort to estimate the extent of poverty in Nepal was the NPC survey of employment income distribution and consumption pattern in 1976/77, which had given an estimate of 31.5 per cent with the minimum subsistence consumption approach and 36.2 per cent with the minimum subsistence income approach. Nepal Rasrtra Bank through Multi-Purpose Household Budget Survey 1984/85, based on per capita income for basic needs, has given an estimate of 42.6 per cent. WB/UNDP joint study( 1989) on the basis of the previous surveys has given three different estimate. based on different approaches- 40 per cent on the basis of minimum subsistence income, 70 per cent on the basis of the population below the income of USD 150 and 66 percent on the basis of proportion of food expenses in total expenditure. Similarly the Eighth Plan Document has presented an estimate of the population below poverty line to be 49 percent and National Living Standard Survey 1996, based on per capita calorie intake of 2250, ha~ given an estimate of 45 percent. While looking at south Asian scenario, the percentage of below poverty line is in declining trend in India, Pakistan and Bangladesh, but our condition is worse in comparison. With the viewpoint of ecological belt and also the development regions, poverty in Nepal is of rural nature.

The first few plans of Nepal were directly cantered to the infrastructure development, although there had been some programmes targeted to poor population. Only in the sixth plan and onwards the problem of poverty has been emphasised. The forthcoming Ninth Plan has taken poverty alleviation as the prioritized objective and has fixed the target of pulling down poverty percentage to a level of 32.5 percent from the current level of 45 percent. The long-term target has also been mentioned that the level will have to come to 10 percent at the end of 12th plan in the year 2017.

## **3. Employment and wages**

Unemployment in Nepal is not so serious at present, but is emerging seriously. While viewing the previous surveys and statistics, unemployment is in-between 3-5 per cent. The Multi-Purpose Household Budget Survey of 1984/85 has estimated unemployment rate at 3.1 percent and the National Living Standard Survey of 1996 at 4.9. It

is 8.4 in urban and 4.6 in rural areas. By ecological belt, the rate of unemployment is estimated to be 2.1 in mountains, 2.9 in hills and 7.0 in plain Terai. Unemployment, of course, is openly visible in urban areas, while it is disguised in the form of underemployment in rural areas. Also a considerable portion of rural underemployment has a tendency to shift towards urban centres which aggravates the open urban unemployment. Population census 1991 and Agricultural sample census 1991/92 have reported the percentage of workers working for less than 8 months in a year to be 35 and 39 respectively. Similarly, the National living Standard Survey 1996 has clearly indicated that 47 percent of the workers work for less than 40 hours per week. Thus, underemployment is more serious than unemployment and also the existing employment is not gainful.

The sectoral distribution of employed force indicates the nature of underemployment. Of the total employed labour force, 81 percent is in agriculture whereas only 2.72 is engaged in industrial sector and almost 17 percent in services. Agriculture is traditional and self-employment is the dominant form of employment. Only 21.41 percent of the employed force is in wage employment and it is 18.88 of the rural force & 54.93 of the urban force. Clear indication is towards the high underemployment in agriculture.

#### **4. Minimum wages**

The tradition of fixing minimum wages was started from 1965, but no system of reviewing it timely on the basis of permanent criteria has been developed yet. It is always determined on ad hoc basis. Also it is to be noted that existing minimum wages cover the organised segment which covers only 7-10 percent of the workers. And the large mass of the unorganised workers are not addressed by the provisions. This minimum wage, too, is in four categories - unskilled, semi skilled, skilled and highly skilled. Present minimum wages are Nrs. 1300, 1350, 1460, and 1650 The daily wage rate is single and is Nrs. 63. Even in an ad hoc basis dearness allowance has now reached to Nrs. 500 from Rs. 22 in 1965. For tea plantation workers, separate minimum wages have been fixed which are lower than the general minimum wages.

#### **5. Wages in the market**

Diversity is natural in market wage rate. Wage-differential is high in accordance with the nature of industries and occupation. Wage-structure includes basic wage, dearness-allowance and fringe benefits but different

in not only among industries but also among factories. But majority of workers are restricted to live under low basic wage.

Still a number of employers consider minimum wages as the maximum payment. Many unskilled and semi skilled workers are not getting even the minimum wages. White-collar workers are getting a few benefits but the mass of the workers is still out of the different elements of wage structure.

Existing wage structure is not following any justifiable system. Throwing wages in the kindness of the market will further worsen the problem of poverty. In the process of globalization and liberalization, even the formal sector is being informalised. This trend will have serious impact on wage-structure & effectiveness of unions in wage determination and also have adverse effect in the living standard of workers.

The condition is more serious in agricultural sector. Kamaiyas (the bonded labourers) are working under almost non-wage conditions. The government farm workers are not getting the Gazette-published minimum wages. All other scattered agricultural workers - tillers, cattle herders and daily wage labourers are under highly diverse wage conditions

To sum up, wages are neither closely associated with productivity and efficiency nor with cost of living and capacity to pay. Indexation of wages is not taken as an agenda. And everything is beneath the giant adhocism.

## **6. Social Security System and Nepal**

Social security is considered these days as an effective instrument for social transformation and progress. But the working population of the least developed countries is still out of the social security network even on the threshold of 21st Century. In Nepal, some provisions are made by Labour Act 1992 as sick leave, maternity leave, workmen's compensation, gratuity, provident fund as old age benefit and OSII provisions. Besides, it also includes child care, recreation, canteen and welfare officer. But it is limited to organised sector and the industrial estates only, that to, not implemented in practice. Additional complication is that these provisions are completely left to the liability of employers. The fund created by tripartite contributions and social security schemes are non-existent. Modern social insurance techniques are not adopted up to now. Social Security Planning and Administrative

Reform Project of UNDP/ILO initiatives has recommended new techniques and has justified the need of the extension of social security. The preparatory works for National Pension scheme by the Ministry of Women and Social Welfare may be taken as an indirect result of the recommendations of the project.

Existing labour law has not considered the need of pension and is limited to provident fund. It has ignored the effective role of social security network in productivity improvement. The forth-coming Ninth Plan concept-paper has mentioned about social security, but has not given due emphasis.

In non-government side, social organisations working for social security of working population are almost not existent. Trade Union Centres have raised various demand connected with social security, but the examples of schemes in their own initiatives cannot be found. In this context, the 'Emergency Fund Scheme' of GEFONT can be considered as a mile stone, although it has not yet made an access to the large mass of the workers.

## 7. What can be done?

The problem of poverty is a problem of productivity as well as a problem of distributional inequality. One sided solution may not minimize the problem. Poverty of Nepal, by its nature, is the rural poverty and rural poverty can be minimize through adequate and effective land reform, because the foundation of our National life is the land itself. Poverty can be attacked effectively through optimum management of land. By taking land reform as the nucleus, attention should be given to employment creation, developing a gainful employment situation, productivity movement and comprehensive social security system. In short the major focus should be given to:

- i. multi-dimensional land reform- neither radical nor slow
- ii. productivity movement
- iii. permanent criteria based system of minimum wages- national as well as sectoral
- iv. wage indexation and sound wage structure
- v. social security act and social security fund based on tripartite contribution
- vi. employment promotion - self-employment and wage employment.

*(Synopsis of paper presented in First National Labour Conference, 23-25 November 1997, Kathmandu, Nepal)*





# Liberalisation, Globalisation and Privatisation

## Challenging Globalisation

*by Bishnu Rimal*

### Nepal and Globalisation

It is an irony to Nepal that overthrow of absolute monarchy by Multi-party system and entry of globalisation came together in 1990. Following the similar paths prescribed by Britton woods institution in other countries of the world, Nepal also launched a similar process of globalisation such as predominant emphasis on privatisation of State Owned Enterprises blindly and haphazardly. The new regime even gave a misimpression that shifting from autocracy to democracy means selling-out of public properties to the private hands.

Having very narrow aim of restoration of multi-party system in Nepal, the 1990 mass movement invited a lot of contradictions along with the success of movement. This was because, the end of the movement was power equilibrium between customary powers led by Royal Palace and people's power comprising liberal democrat with social democratic vision and the united left front dreaming radical change in the society. As a result the new Constitution of Nepal adopts a path of "constructive reform" and denies class struggle as expected by communist party and class hegemony as advocated by the conservatives. It seeks a social change based on people's will.

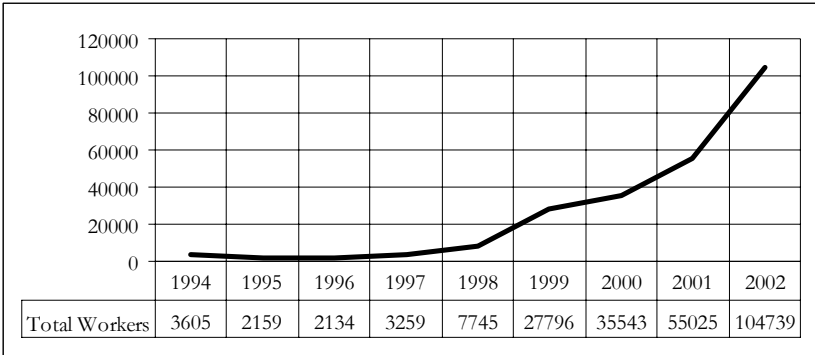
On the contrary, the State after 1990 haphazardly followed neo-liberal economic policy, which actually didn't suit to Nepali constitutional vision and socio-economic reality. This produced a systematic race to the bottom dynamics--poverty, inequality, social alienation and political protest. Analysing the mistake of policy makers, a social scientist says--"The post 1991 governments, however, deviated from the welfare state and sought to create a subsidiary state where poorer people and region subsidised the rich and powerful." It was actually an outcome of heavily increased pressure of Globalisation in our national scenario.

## Impact of Globalisation

### 1. Declining of job & employment

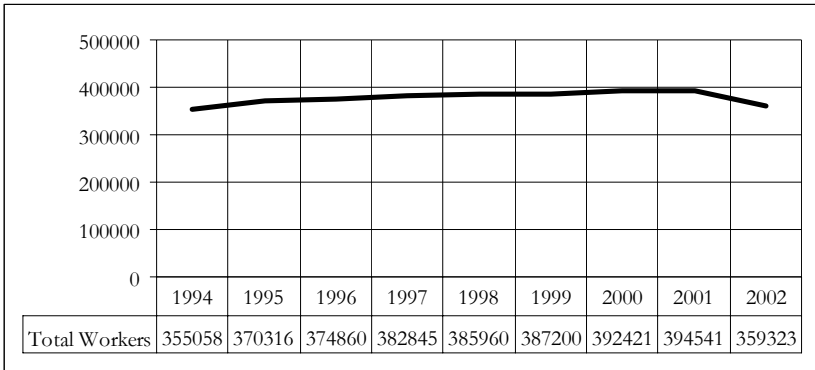
Globalisation resulted direct threats to the interest of the working masses. Job security and employment security are heavily endangered. Even the formal sector of work is being informalised by the subcontracting of work and subcontracting of labour, in the name of gaining competitiveness, cost minimisation and a 'comparative advantage in international trade'. The responsibility for sacrifices and the entire burden is being shifted to the workers.

**Chart 1: Trends of Nepali Migration for Foreign Employment**



Unfortunately, the government is facilitating the employers and the market instead of shouldering any social responsibility for the working masses. But legal provisions are insufficient to protect workers in this condition. The extent of the permanent workforce is gradually going down and the number in contract work or casual labour is sharply increasing. On the other hand there is sharp rise migration for foreign employment.

Charts given here clearly show declining trends of employment in manufacturing sectors and increasing trends of Nepali Migration for Foreign Employment.

**Chart 2:** Trends of Employment in Nepal

## 2. Declining of real wages

The policies of liberalization have caused deductions in social expenditures. Even the state expenditures in education and public health are being curtailed. At the same time the burden of foreign debt has constantly increased. Hence the hardships and difficulties of the working population have increased tremendously. The major consequences have been observed in the deteriorating living standard. Since the market deregulation has removed restrictions on prices, the cost of living has increased heavily. On the contrary, real wages and hence real incomes have declined. It is found that money wage of the workers is increasing but less compared to the inflation rate prevailing in the country. Consequently the real wage has declined every year, leading towards decline in the living standard of the workers. Table 3 exhibits picture of declining trends of real wage in Nepal.

**Table 3:** Real Wage of Workers, Nepal 1989-2003 (Base year 1989=100)

Year	Consume Price Index (CPI)	Money Wage Index	Real Wage Index
1989	100.00	100.00	100.00
1992	144.59	132.33	91.52
1995	183.49	164.55	89.68
1997	214.86	202.15	94.08
2000	253.39	236.09	93.17
2003	271.38	283.78	104.57

The long working hours, low payment, the use of child labour, the existence of bonded labour in agriculture, gender discrimination in wages

and terms of employment, no minimum wages in the informal sector and the non existence of any social security measures are the basic characteristics existing at present in the informal sector.

### 3. Flexibility of labour

Increasing trends of de-unionisation and introduction of labour flexibility in both forms; the numerical as well as functional is day reality under globalisation in Nepal. These can be listed as follows:

- Labour contract
- Subcontracting of jobs
- Freezing of New appointment
- Use of VRS (voluntary retirement schemes) and CRS (compulsory retirement schemes)
- Extensive use of temporary, contract, daily wage & piece wage system
- Use of work schedule
- Outsourcing and parallel production, etc.

It is obvious that such effects are natural outcomes of the various contours of globalisation such as capital mobilisation, blurring of markets boundaries (Inviting MNCs), limits of role of State, shifting of business from manufacturing to the service etc.

### 4. Other impacts

- Detraction of young workers & new labour market entrance from trade union movement
- Heavy class transition of people creating bigger & bigger gap between rich & poor
- Fast eroding joint family system & heavily declining family based traditional protection system
- Clientisation and Consumerisation of working people instead of citizens
- Declining labour intensity of production & services

### Globalisation in the forms of militarisation

If some one had said few years back- 'the day of imperialism through military might is over', none of the struggling people would have objected it. However, the history is being repeated. Especially, post so-called 9/11 period and the Iraq war beyond; eyebrows have been raised-'

see-new Hitler is rising up!" The developed nation, particularly US and its ally are repeating similar history what the Imperialists were doing during last centuries. Thus, we could visualise now military intervention here and there either in the form of war against terrorism or in the name of development assistance.

These phenomena have different dynamics more than what the power centres exhibit before international community. Simply we can say there is politics of economy; thus we can examine globalisation in the forms of militarisation as well. The attack on Iraq, as an example, has been viewed as driven more by long-term oil supplies to the American industries than liberating the Iraqi people from the oppressive regime of Saddam Hussein.

On March 27, 2003 US Assistant Secretary of the state for South Asia Christina Rocca said that the United States would continue to support Nepal, both militarily and in its development. This note by a senior US official was not an accidental remark; it has revealed state of so-called univocal world of globalisation.

Translating this remark into practice, on April 25 , 2003 Nepal and the US signed a memorandum of understanding. Under this agreement, the US commits to provide assistance to Nepal to fight terrorism with a "goal of rooting out all forms of terrorism and deterring future terrorist acts."

Under a "Global Conflict Prevention Fund", the UK government has provided helicopters, communication equipment and training in setting up a military intelligence support group with the Royal Nepalese Army and extended assistance to implement Nepal's development projects. "We cannot allow the terrorists to win. Nepal must not be allowed to become a failed state." This statement by British Foreign Office Minister for Asia Mike O' Brien can also be interlinked.

The Indian government has also extended similar assistance to the Nepali government, but remains sceptical of the growing American involvement in Nepal. Indian media and academicians of that country have made the scepticism more than clear. China has consistently stated its position of "no external meddling in Nepal's internal affairs."

Senior Nepali politicians have branded the 'twisting muscle' of the international power in Nepali soil as "suspicious". Recently Nepali

Government has made public a so-called Unified Command Security Concept in order to control post-ceasefire collapse situation. One can easily draw a long line between these events.

### **Trade Unions Resisting Globalisation**

Shrink it or Sink on it! Some one has correctly termed the present complex situation referring Caravan of Globalisation. Thus the efforts carried out against Globalisation in Nepal by the unions in this regard are more or less limited to minimise adversities and negative effects of globalisation against working population.

It is interesting that the Capital is globalising rapidly dismantling all barriers and the boundaries. However, working class is still far from its century long call- workers of the world unite! Still trade union movement is fragmented.

Amidst all odds, GEFONT is engaged on different efforts with international trade union movement. The International Trade Union Conference organised in 1994 and in March 2003 organised Regional Conference of Women Trade Unionists in South Asia by GEFONT can be termed as some of the examples in this regard. Further GEFONT participation in IOR-TU conference, SIGTUR initiatives and various forums organised by global unions and the civil societies, can be enlisted here as its efforts & commitment.

The conflict between labour and capital continues to play an essential role for most workers and their unions. However, still there are additional factors and some of them have become more visible and relevant in recent years. As for example, there are the wide differences between "North" and "South", between rich and poor countries. Secondly, the questions come across related to Gender, formal and informal sector, economy and environment, tradition and modernity etc.

Should we trade unionists see the world through the traditional concept as being divided into workers and capitalists? Or is it to be viewed as a regional division of the world into a privileged "North" and an underprivileged "South". If we go with this division, we will be also divided into the regional hemispheres. The answer is crystal-clear! We will find the privileged as well as the underprivileged both in the "North" and the "South". Thus the unions under any circumstances should try to represent the underprivileged from any corners of the world, irrespective of the place where they work. Thus, our international solidarity should

be launched on all level creating common sub regional, regional and International networks.

We all are aware that regional blocks in various levels have been developed everywhere. However, their effectiveness is yet to be proved. We can quote here regional and sub regional blocks either based on international trade union centres such as ICFTU, WCL, WFTU or based on economic & geographical blocks such as ETUC, TUAC, OATUU etc. On the contrary, effective independent trade union centres are also in the scene, but are outside these networks. Recognising all efforts made by either side, it is necessary to form a broad alliance of all at least Asian Trade Unions. At the moment such networks should be issue-based, action-based; since we have to try to find out unity among diversity!

Regularisation and protection of Asian migrant workers in Asia and outside Asia through joint efforts of Trade Unions is necessary which may be one of the areas of common action.

Resistance Movement both within National & Regional-Sub-regional spheres is the need of the day. Let us regionalise & globalise our efforts for a better Asia and a Better World!

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*(Presented in Asian Regional Conference on "Towards Solidarity and Unity of Asian Workers Challenging Neo-liberal Globalisation and Militarization" November 5-9, 2003, Seoul, Korea)*



## Poverty, Power and Politics

Poverty, power and politics are closely associated with each other in countries like ours where socio-economic conditions are backward and exploitative relations in the society exist both visibly and invisibly. The exploitative land relations and landlessness of the people hurdle the peoples participation in democratic processes and thus inhumane power equations exist in the rural areas, which still dominate the whole scenario of the streets of power causing unfair games in politics. Horse-trading not only of the voters but also of the elected representatives has been observed in past and during various special circumstances. Existing feudal relations in the society, adverse effects of speedy globalization and power snatching triangular battle among Royal Palace, ultra left Maoists and pro-people Centrist forces are the contemporary realities of the nation.

### Situation

- 38 % of the population under poverty line according to official statistics - 23% urban and 44% rural
- Displacement of families and migration towards District Headquarters and Capital in addition to out-migration towards India
- Political instability based on arm conflict between Royal Security force and Maoists force; in between the extraordinary situation King has tried to snatch more power and offended the democracy of the country through unconstitutional moves.
- No representation and participation of people at present in ruling
- Major political parties are in a united movement for peace and democracy
- Human Rights and workers rights are at extreme difficulties
- Disinvestments is taking place and establishments are in closure

- Employment is being curtailed
- Minimum wages are not revised and the tripartite committee formed for the purpose has been made passive by the government itself
- Every segment of the people in lower middle class and below poverty line are in livelihood difficulties
- Gender issues have become more pertinent

### **Experiences**

- Experiences of 9 five year plans
- 10<sup>th</sup> Five year Plan is designed in the form of Poverty Reduction Strategy Plan
- Large number of amount exhausted in the form of foreign aids
- Large number of amount is the current external debt

### **Issues of Concern at present**

- Effective implementation of legislations
- Minimum wages and social protection
- Effective implementation of programmes
- How to minimize widespread corruption in the country
- Reestablishment of democratic bodies like Parliament and VDCs/MNCPs/DDCs

### **Our priorities**

- Implementation of labour laws
- Effective implementation of poverty reduction strategy and plans-programmes
- Effective implementation of women focused programmes
- Revision and correction of legislation in a gender-friendly framework
- Skill training and right based training for self employed & home-based women workers
- Establishment of social protection system for workers in the formal sector as well as informal economy
- Effective implementation of minimum wages
- Land reform and decentralization of activities
- Improvement in working & living conditions

- Productivity movement
- Employment generation
- Diplomatic protection of Nepali workers abroad

### **What are we doing?**

Broadly speaking, activities concerning poverty reduction, political stabilization & democracy and policy intervention may be mentioned as follows:

- Unionizing-organizing the working people under right based approach in trade unions under GEFONT Umbrella
- Organising women and peasant in mass organizations like ANWA and ANPA
- Intervention in national policies through all possible forums with a pro worker approach
- Working on the issues of social concern in cooperation with genuine NGOs & Human right organizations
- Supporting political parties for regaining peace and democracy and for political stabilization of the country for sound industrial & economic development
- Efforts for single unionism in the country and to develop a single umbrella for all working population
- Efforts for sound coordination and to build up a sound system of social dialogue with employers and business class.

*(Prepared by Umesh Upadhyaya for SAAPE Meeting Colombo, Sri Lanka, 2003)*

# Debt, Trade and Labour in the Contemporary World

*by Umesh Upadhyaya*

Debt in the contemporary world is one of the most common factors in national economies of developing and least developed countries. Similar but more significant is the international trade for developing countries & LDCs. Both debt and trade have displaced the big volume of aids & grants. This replacement is also important in the sense that national NGOs have been financially-technically assisted by the international community of INGOs, UN Agencies and other Institutions more to inject their influence and policy as well as programmes in the poor countries. As a result, government in the poor country have been compelled to imitate & follow the working style of the national NGOs. This is not a positive side while looking from the point of view of good governance and responsible behaviour expected from the government.

## 1. Debt and Labour

- Before 1980, the other types of creditors excluding IMF, WB and ADB had been more important, but after 1980, their share eroded fast and the share as well as the influence and intervention of these money-giants – IMF, WB, ADB – shifted upward sharply and more sharply. Innovation & technology has created pressures for more and more debt to developing & least developed countries
- Debt service payments in LDCs and in developing countries is increasing every year covering from considerable to a high proportion and amount in the annual national budgets. The pressure is basically on social expenditure – health, education, safe drinking water etc. Debt servicing creates additional pressure on tax burden, mainly the indirect taxes, which finally rest on working population – farmers, peasants, wage workers etc.

- Literacy, life expectancy, maternal mortality and reproductive health are directly –adversely affected by the debt burden. Because of the high debt burden, private sector has been entrusted a number of public services due to poor & inefficient position of the state giving high position to a situation where profit comes first than human needs and people.
- Thus the question of human security has become the most relevant one along with sovereignty of nation & people in connection with foreign debt. The threats to human security has taken the forms of:

Economic insecurity  
 Food insecurity  
 Health insecurity  
 Community & cultural insecurity  
 Rights insecurity

- Sovereignty of Nations & Peoples' Sovereignty is being attacked in the name of consumer sovereignty, which is actually the autocracy of business emperors in the name of innocent consumers, where advertisers are the assisting Army Generals.
- In Nepali context, if we have a look at annual national Budgets of Nepal, the reliance on foreign assistance has been 26.4 % in Fiscal Year 1999/2000, while 23.42 and 23.02 in FY 2000/01 and 2001/02. But during these FYs, foreign aid is limited to Rs. 6-8 billions and debt is in between 10-12 billions each year. Proportion of aid is declining and of debt is increasing. Notable is the fact that debt is increasing, but state is trying to escape from its responsibilities. Public services are shrinking; even core government services are being partially privatized in spite of continuous resistance.

### **A Case of Drinking Water Supply Project**

(not talking about safe drinking water)

Government of Nepal has signed an agreement for debt with Asian Development Bank to supply water in 50 small municipalities, where 60 per cent of the cost will be covered by ADB Loans. Only 20 per cent of the cost will be covered by the government. A committee named Water Users & Sanitation Committee will be formed and registered in every concerned Municipality, which will sign agreement with the government. 20 per cent in advance will have to be collected and deposited by the Committee and remaining 30 per cent will be paid by the committee in the form of water bill payments on monthly basis for many many years. The other 30 % will be paid by the people of the whole country, so that government will repay the loans. The interest rate for the people is 8 per cent per annum. Government has to pay the interest not more than 3 per cent. The interest margin is kept by the government for its office & manpower assistance in the project. Thus the state is pushing the burden of the foreign debt almost directly to the people and its role is only a role of intermediary between ADB and water users. Thus debt is being consumerised. No public taps will be provided, only private taps will be available to those who pay for the water & debt as the client. Here people will not be treated as the citizen, but as clients.

## **2. Trade, WTO and Labour**

- International trade cannot be dissociated from WTO and hence WTO related issues are perhaps the most complicated issues for trade unions in general. As WTO is incomparably scattered in thousands and thousands of pages involving a number of disciplines and faculties of knowledge, everything has been blurred and difficult to understand and analyse.
- With the speedy process of the formation of WTO, policies of liberalization and capital-technology based globalization has been highly intensified. With the speed up of globalization, International monetary Fund and World bank have been directly-indirectly assisted more by the new organization WTO with more offensive character.
- Under WTO framework, as we see from our part of the globe, labour, human right, environment and broadly the consumer issues have been intermingled from the very beginning. Developed countries have capital and modern technology, whereas developing and least developed countries have surplus labour. Thus the touse between labour and capital has been

internationalized from the previous limited position within national boundary. It has been an outcome of intensified globalization with increasing role of WTO.

- The process of formalization of labour, which had started with industrial revolution, is now diverted to a reverse direction. With IMF-WB-WTO led present day pattern of globalization, fast informalization of labour and new forms of bondage and even child bondage are being visualized in labour market.
- More nationalist point of view in case of LDCs and Developing countries urges for strengthening the government approach against linkages of trade with labour, Human Right and Environment, which in fact cannot serve the interest of the working people.
- On the contrary, the lip service against WTO and withdrawal of membership or for no membership efforts has proved to be an isolated and unrealistic approach

### **Protectionist or more Nationalist Angle**

- National Treatment and unequal competition are creating damaging effects to the interest of nation and the people
- Tariff policy and other national policies related to commerce and industry as well as labour policies have lost the independent character.
- Pressure on subsidy removal has created adverse effects on the lives of the people.
- Opening the entire domestic market creates heavy imbalances in the economy and trade liberalization becomes import liberalization

### **Labour Right Angle**

- Labour Rights are being restricted with increasing informalization of labour. Big Business Houses have become ambitious through Joint Ventures in Collaborations with Multinationals. Influence of MNCs in government policy and heavy intervention even in rural lives of the people through business activities in agriculture, forest products and natural resources has created more pressure on labour rights.

- Trade Union rights related to basic human rights of workers are also being questioned and frequently violated in a demand for uninterrupted hire & fire by the employers and here government has become a spectator
- Even minimum wages are not provided by a considerable number of employers in LDCs, where ensuring minimum wages may prove to be the most needed form of minimum social security. Why should we strengthen the hands of employers who do not have any sense of corporate citizenship and socially responsible production orientation? Why should we cooperate with the government, which does not care about its social responsibility and always excludes its labour administration even from its priority?

### **Employment Angle**

- The decline of small and micro enterprises because of competition and interventions of Multi National Enterprises has caused fall in employment
- The business scenario, where closure of national industries is increasing and unemployment is aggravating, only big business houses and JVs exist and others going into collapse creating more and more capital intensity and lessening labour intensity of output.
- Thus livelihood problem and poverty has become more and more complicated.

### **Migrant workers Angle and international mobility of labour**

- Tightening the Visa on the one hand pushing migrant workers of the LDCs to work illegally in developed and middle-income countries and on the other hand talking loudly for their rights and labour standard indicates towards a clear double standard.
- Ensuring free mobility almost perfect mobility for capital and putting restrictions on mobility of labour is the model of discriminatory globalization.
- Although there are provisions of temporary mobility, but practice makes much difference than thousands & thousands of pages. It has now become easier to restrict the movement of



labour and labour mobility in the name of security and terrorism, too.

### 3 Towards the Way-out

- Balanced approach is necessary for a steady growth and jumps and leaps and knocks may not be desirable on labour issues.
- Concentration should be focused towards a new development strategy with gainful employment & quality life as the focal points. So multidimensional efforts are needed to change the present unfair economic world order into a new one.
- National foreign policy based on national agenda & priorities is to be developed and haphazard rush for foreign debt accepting every conditionality should be stopped
- Serious attention should be paid because strong advocacy against the linking of trade with labour standard may strengthen the hands of inhumane profit snatchers through the sacrifice of working masses and may also provide easy & corrupt sleep to the irresponsible governments of the developing world.
- A big rectangular system of social protection, social insurance, social assistance & social welfare to cover the whole working masses should be developed & maintained through a strategy of mobilizing resources from government and non government as well as international actors & organizations
- Desirable is the strengthening of ILO and its mechanism to implement labour standards in countries creating an environment of obligatory enforcement.
- Restructuring of WTO into a tripartite form may also create a new horizon for future. Collective efforts of Developing and Least Developed countries within WTO structure may prove to be highly significant. Tough bilateral bargaining on trade agreements within the developing & least developed group of countries is to be minimized. The present practice of lip service in welcome and harsh on table is a problem to be considered among the developing side.
- High focus in organizing and workers education as well as maximum intervention in national policies by the national trade union centres should be taken as the common strategy. Moving

towards single unionism within the national boundary and building-strengthening regional as well as sub-regional alliances has become the need of the day. This may provide high resistance and new dimension to protect the interest of working masses.

- Alliances & Forums of social movement at least at sub regional South Asian level for regionalization of resistance movement against adversities created by globalization and for protection of working mass interest is necessary basically through the involvement of trade unions, peasants' organizations, women's organizations, dalits' organizations and genuine NGOs.

*(Presented in Asian Social Forum, Hyderabad, January 2003)*

## A Glance at Labour Force & Employment in Nepal

by *Umesh Upadhyaya*

Nepal is primarily agricultural country with majority of working population in farming. Out of a 23 million population, in accordance with the National Labour Force Survey 1998/99, altogether 11.2 million people both minors and adults fall under the broad periphery of labour force because of being in the active age above 15 years. Out of this number, 9.6 millions have been found in the active labour market where 9.4 million is currently employed. In addition to this active and employed labour force, 2.6 million child workers have also become a part of the labour market though fluctuating in between 2.0 – 2.6 million out of a 4.9 million child population in the age group 5-14 years.

The labour force participation rate is 72.3 % - below 15 to be 40.9 % and above 15 to be 85.8 %. Altogether 7.2 millions are in agricultural employment, overwhelming majority of which is in subsistence agriculture. In percentage, agriculture covers 76% of the workforce

The overall picture of employment is presented in table 1.

**Table 1:** Industrial distribution of Labour force aged 15 + (in ' 000)

Industry	Total		Rural			Urban			
	Both	Male Female	Both	Male Female	Both	Male Female	Both	Male Female	
Agriculture & Forestry	7190	4736	4727	6799	3006	3792	391	157	234
Manufacturing	553	366	186	425	285	140	128	81	46
Trade	408	283	125	262	180	82	146	103	43
Construction	344	292	52	301	255	46	43	37	6
Transport, Storage & Communication	135	130	5	93	90	3	42	39	3
Hotel & Restaurant	114	62	52	70	38	32	44	25	19
Education	164	126	38	125	102	23	39	24	15

Industry	Total			Rural			Urban		
	Both	Male	Female	Both	Male	Female	Both	Male	Female
Pub. Adm. & Defence	70	64	6	39	37	2	31	27	4
Private Household work	289	80	209	253	72	181	36	8	28
Health & Social work	33	26	7	22	18	4	11	8	3
Elec. Gas & Water Supply	26	24	2	17	16	1	9	8	1
Financial Intermediation	19	17	2	8	8	0	11	9	2
Real Estate, Renting & Business	32	26	6	15	11	4	17	15	2
Others	86	75	11	62	57	5	23	17	6
<b>Total</b>	<b>9463</b>	<b>4736</b>	<b>4727</b>	<b>8492</b>	<b>4176</b>	<b>4316</b>	<b>971</b>	<b>560</b>	<b>411</b>

*Source: Calculation based on census surveys and NLFs, 1998-99*

## Employment Structure

While reviewing the structure of employment, it is visible that 1.5 millions are regular paid employees in various sectors of work whereas unpaid family workers cover 4.1 millions and self employed workers excluding the unpaid family workers are 3.8 millions.

**Table 2:** Structure of employment of persons aged 15 +

Structure	Total	Male	Female
Total employed	9,463,000	4,736,000	4,727,000
Paid Employees	1,517,000(16.03%)	1,153,000(24.34%)	365,000(7.72%)
Government	245,000	212,000	33,000
Private Sector	385,000	311,000	75,000
Public Enterprises	70,000	60,000	10,000
NGO/ INGO's	26,000	21,000	5,000
Others	791,000	549,000	243,000
Self employed	3,819,000(40.35 %)	2,463,000(52.00 %)	1,355,000(28.66 %)
Agriculture	3,002,000	1,868,000	1,132,000
Non- agriculture	817,000	595,000	223,000
Unpaid family workers	4,100,000(43.32 %)	1,103,000(23.28 %)	2,997,000(63.40 %)

*Source: Calculation based on census surveys and NLFs, 1998-99*

However all irregular and casual wage workers of construction and agricultural sector including other informal employment have not been covered by the paid employees column of the table and are naturally under self employed work force.

### Formal and informal sector employment

The National Labour Force Survey distinguishes informal sectors from agriculture and takes into account non-agri informal sectors only.

**Table 3:** Formal and informal Employment of the persons aged 15 + (by Sector)

Sector	Agriculture	Non-agriculture formal	Non-agriculture informal
Total	7,203,000 (76.12 %)	603,000 (6.37 %)	1,657,000 (17.51 %)
Male	3,176,000 (67.05 %)	509,000 (10.74 %)	1,052,000 (22.21 %)
Female	4,027,000 (85.20 %)	94,000 (2.00 %)	605,000 (12.80 %)

*Source: NLFS, 1998-99*

Altogether 73.3 per cent of non-agricultural employment is covered by informal sector. Similarly 67.4 per cent of the total male in non-agri employment and 86.5 per cent of the total female in non-agri employment are engaged in informal sector.

If we exclude the market agriculture force from total agriculture force and add it to formal sector to take it in a broader sense, the picture will be a little different. Thus if we add market agriculture to formal sector and the rest of agriculture to informal sector, the picture will be as follows:

**Table 4:** Formal & Informal Employment of persons aged 15+

Sector	Broad formal	Broad informal
Total	879,000 (9.28 %)	858,400 (90.78 %)
Male	655,000 (13.83 %)	4,082,000 (86.17 %)
Female	224,000 (4.73 %)	4,502,000 (95.27 %)

*Source: Calculation based on NLFS, 1998-99*

Moreover, more than 75,000 children aged 5- 14 (Boys 25,000 and Girls 53,000) have been found engaged in collecting firewood and equivalent number in fetching water (Boys 28,000 and Girls 50,000). Excluding these two activities, approximately 80,000 children are working in the informal sectors.

## Dependency Ratio

Dependency ratio in case of Nepal is high in comparison to our neighbours. Declined youth dependency ratio and increased old age dependency ratio are the symptoms of improved socio-economic conditions and development. In this connection, the position of Nepal is weaker in comparison to India and Bangladesh.

Not only Total Dependency Ratio, but also the Economic Dependency Ratio, as the number of inactive persons per 100 economically active persons is high.

**Table 5:** Dependency ratio compared (World Labour Report 2000)

Country	Youth DR		Old Age DR		Total DR		Economic DR	
	1980	2000	1980	2000	1980	2000	1980	2000
Nepal	79.3	73.9	5.5	6.4	84.8	80.3	115	106
Bangladesh	91.1	56.9	6.8	5.2	97.9	62.2	112	89
India	67.2	54.0	7.1	8.1	74.2	62.0	129	125
China	59.4	36.3	7.9	10.0	67.4	46.4	82	67
Japan	34.9	21.7	13.4	25.0	48.4	46.8	104	86

## Unemployment and underemployment rates

Underemployment is a very serious problem in Nepal - approximately 45 % of total man-days. According to NLFS, too, underemployment as the percentage of labour force is 4.1 - 4.8 per cent in urban and 4.0 per cent in rural areas.

Unemployment is equally serious and more intensifying problem in a relaxed type of definition covering various activities and broadening the definition of "work" NLFS has estimated unemployed person to be 178,000 i.e. 1.8 per cent (2.0 % males & 1.7 % females) Since fetching water and collecting firewood have been included under productive work, the rate has become lower.

Because of differences in definition, the earlier figures of unemployment cannot be compared with NLFS figure. Still we can put together the figures of NLFS & NLSS in a table to assess the range.

**Table 6:** Unemployment rates by age group (in percent)

Age group	Total		Urban		Rural		Both sex	
	Male	Female	Male	Female	Male	Female	NLFS	NLSS
15 – 19	3.3	1.5	9.2	10.4	2.7	0.7	2.4	7.3
20 – 24	4.7	2.8	13.2	14.8	3.3	1.4	3.6	
25 – 29	2.6	2.5	5.7	14.5	2.1	1.1	2.6	4.0
30 – 44	1.5	1.7	4.0	8.2	1.0	0.9	1.6	
45 – 59	0.8	0.5	3.3	3.2	0.4	0.3	0.7	2.9
60 +	0.3	0.8	1.4	0.9	0.2	0.8	0.5	1.3
For all ages							1.8	4.9

### Child Labour in wage employment

Total No. of children in the age group 5- 14 is 4,860,000 of which 68 % from 5- 9 age group and 74 % from 10 –14 age group attend school. If we view it sex-wise 78 % boys, 60 % of girls have been found attending school. Altogether 87 % of the children in urban areas and 69 % in rural areas go to school.

Though the school enrolment is not so low, but drops out are high mostly in rural areas. Labour force participation rate is high among the children i.e. 40.9 % for the age group 5 – 14 - for boys is 36.8% and for girls 45.1% (the LF for the age group 5-9 is 20.9 – for boys it is 18.3 and for girls 23.6). If we compare the labour force participation rate of the children in 10 – 14 age group, the picture is as given below:

**Table 7:** LFPR in comparison, 2000 (Age group 10 – 14)

World	=	11.3
LDCs	=	31.6
China	=	7.9
Bangladesh	=	27.7
India	=	12.1
Pakistan	=	15.4
Sri Lanka	=	2.0
Nepal	=	38.6
Developed Countries	=	0.0

Out of the total 4.86 million children in the age group 5-14, approximately 2.6 million children are economically active. Out of this

number, 19,87,000 i.e.40.9 per cent of the total child population in 5-14 age group has been found employed in one way or the other.

Among the employed 19, 87,000, sectoral distribution shows that 89.68% are in agriculture definitely in subsistence agriculture, most of them as unpaid family workers or attached labour to their parents. Attached labour to their parents has been working under some sort of bondages also. Children in domestic service have been flowing towards urban centres and most of them have been subject to various kinds of bondages.

**Table 8:** Sectoral Distribution of Children at Work

<b>Sector</b>	<b>Male</b>	<b>Female</b>	<b>Both Sex</b>
Agriculture	804,000	921,000	1782,000
Domestic service	58,000	107,000	165,000
Wholesale & Retail Trade	17,000	12,000	29,000
Manufacturing	11,000	16,000	27,000
Hotel & Restaurant	9,000	7,000	16,000
Construction	7,000	3,000	10,000

Only 3 per cent of children seem to be at a glance in wage job out of the total economically active children. It shows that the number of unpaid family workers is very high. This 3% covers those children who are fully employed and are deprived of schooling. But a considerable part is also in the irregular wage job. Major part of agricultural child labour is unpaid family workers, but there are also paid cattle herders. In domestic service, most of them are paid though it may be very low. In other sectors, too, most of the child workers are paid whether it is hotel & restaurant or construction or manufacturing or retail trade. In addition to it, there are children in transportation and also working as porters. The children under bondage whether under newly banned Kamaiya system or other forms in rural areas or under different sectors of work in the informal employment in urban areas are also under the group of wage paid children.

Therefore, the number of children on wage labour cannot be underestimated to be limited to just 3 per cent, it may go as high as half a million, i.e. one fourth of the total working children.



# Nepal: Labour Liberalisation and Productivity

## 1. Background

Nepal is one of the world's least developed countries. According to the Human Development Report 1998, Nepal's position is 152<sup>nd</sup>; it was previously 154<sup>th</sup> in 1997. Also it should be noted that it is second last among the 29 Asian countries. Since the Nepalese economy is primarily agro-based, 81% of the active labour force is employed in agriculture. 2.5 per cent and 16.5 per cent are engaged in manufacturing and services respectively. On the other hand, self-employment is the dominant form of employment covering 79 per cent of the total labour force indicating a very low waged employment of just 21 Per cent. This clarifies the scenario of labour management relations in our context. Feudalistic norms are still in a dominating position, which signifies that, the labour/management relationship is also suffering from a similar feudal character in the Nepalese economy.

## 2. Globalisation & Liberalisation

The process of liberalisation in Nepal started in the form of structural adjustment programs in 1985, which were slow up to 1990 and were limited at that time to a few monetary & fiscal reforms. But after the mass movement of 1990 and the reestablishment of democracy, the process was launched forcibly with a predominant emphasis on privatisation - unfortunately in our case blind & haphazard privatisation. Now, while looking at the actual position of privatised PEs, we find that 50% of the workers have lost their job, prices have gone high up and working conditions have further worsened. In spite of the fact that the number and share of PEs in national income and employment is low in Nepal, they are significant for balanced growth and for the benefit of people living in remote rural areas. Unfortunately, the government has ignored their significance and PEs have been put in the trade-basket for sale in the name of privatization instead of managerial reforms, control of corruption and maximum capacity utilization.

Looking at the other side of liberalisation, imports are found to be highly liberalized. Cottage and small scale industries have suffered serious setbacks. The manufacturing sector has started to diminish. The agricultural sector is under heavy pressures. Although there are no EPZ & FTZ, MNCs are also very few, entrepreneurs are pleading that labour law reforms are made in their favour in the name of a competitive advantage. Only the service sector is found flourished rapidly. But we think that the growth of the service sector, without a sound & stable manufacturing base, will lead nowhere but to its collapse during economic difficulties.

With increasing liberalisation and globalization, consumerism has affected the whole of national life- not only urban, but also rural. But productivity consciousness remains very low. In connection with productivity movements and improvements, we are still at the primary phase of building awareness.

### **3. Implementing productivity approaches**

A thrust for higher and higher productivity is increasing among entrepreneurs, but their approach is not very realistic. They try to gain and strengthen a competitive position by adding more burdens to the workers and persuading the workers to make more sacrifices. But in our context, even minimum social security provisions are still lacking. The coverage of minimum wages is limited to the formal sector only and the violation of minimum wage legislation by management is frequent. On the other hand, a productivity incentive system is not yet developed. However, through tripartite consultations, a process of co-operation and an understanding of the problems of each other this is being expanded. Through international institutions like WO, APO and FES and in co-operation with the National Productivity & Economic Development Centre, Federation of Nepalese Chamber of Commerce and Industries and our General Federation of Nepalese Trade Unions, an adequate environment for implementing productivity approaches is being created.

### **4. Issues and Possibilities**

Because of the mass poverty in Nepal and a high unemployment of 14 % as well as heavy underemployment, employment security and job security have been the serious issues. Minimum wages, sound social security network and good incentive earnings are still out of the access of the workers. Labour law protection to the workers is also insufficient. Therefore attitudinal change is inevitable to safeguard the interests of the workers. If employers change their traditional outlook and increase their

contributions for the betterment of the employees, labour productivity can be raised to a considerable height. Technological improvement and skill training have to be given more emphasis both by employers and government. Similarly, we trade unions have now focused our attention towards an intensive workers' education program.

At present, no transparent and systematic productivity gain - sharing system has taken a shape in our economy. Therefore efforts in this issue through tripartite consultations and understandings have become extremely necessary.

In conclusion, we are of the opinion that in Nepal our concentration has to be focused mainly on the following:

- a) Attitudinal change
- b) Skill-orientation and technological adjustment training
- c) Intensification of workers' education program
- d) Sound minimum wage system and social security network
- e) Transparent system of productivity gains - sharing.

*(Presented to APO programme, 14-16 Oct 1998,  
Colombo, Sri Lanka; prepared by Umesb Upadhyaya )*

## Globalisation and Trade Unions in Nepal

### Nepalese Scenario

The present nature of globalisation is clearly indicative of the fact that it is bringing larger and larger profits to advanced nations, whereas it is bringing sacrifice and marginalisation to underdeveloped countries and the people living therein. The transnational movement of capital is really aggressive and the neo-liberal policies of globalisation in practice have become packages to be accepted without any quarry wherever they are being imposed.

The process of globalisation in Nepal actually started in the form of structural adjustment programmes in 1985. It was slow up until 1990 and was limited to a few monetary and fiscal reforms. But after the mass movement of 1990 and with the reestablishment of democracy, the process was launched forcibly with a predominant emphasis on privatisation - the blind & haphazard privatisation of Public Enterprises.

Since Nepal is one of the least developed countries of the world, the process of socio-economic development is far behind in comparison to others. Agriculture is the major occupation, which alone contributes 40.2 % of the GDP and provides employment to 81 per cent of the labour force, while industries & services engage 2.7 & 16.3 per cent of the labour force in Nepal. But agriculture is based on traditional technology and the nature of employment in it is mainly self-employment. In reality, the waged labour force in Nepal is only 21 per cent. Whereas the self-employed labour force is 79 per cent. This dominance of the self-employed and informal sector was much more significant in the past, when an autocratic system by the name of the Panchayat System was introduced in 1960 and banned organizational activities including political & social organizations. Therefore, trade union activities were considerably limited. As a result, trade unions were also banned along with political parties. It was only after 1990 that a successful mass

movement for democracy forced a reinsertion of the multiparty system and trade unions were allowed an environment for open air activities.

### **Impact of Globalisation**

Because of the increasing speed of liberalization & globalization in our country, threats to the interest of the working masses has increased. Job security and employment security are heavily endangered. Even the formal sector of work is being informalized by the subcontracting of work and subcontracting of labour, in the name of gaining competitiveness, cost minimization and a 'comparative advantage in international trade'. The responsibility for sacrifices and the entire burden is being shifted to the workers. Unfortunately, the government is facilitating the employers and the market instead of shouldering any social responsibility for the working masses. This tendency is mainly visualized in carpet and garment industries, the major export sectors in Nepal. But legal revisions are insufficient to protect workers in this condition.

With the blind and haphazard privatization of public enterprises, both production & employment have been adversely affected. Though there is no mass retrenchment, slow group retrenchments have been observed. From privatized PEs, 19.8 per cent of the workers have already lost their job and many others are waiting for the same. The extent of the permanent workers is gradually going down and the number in contract work or casual labour is sharply increasing. The vast majority of workers are in informal sectors which are unprotected and neglected by the labour laws. Only 10 per cent of the work force under the wage employment is informal, while 90 % is in unorganized sectors of the economy. With the offensive policies of globalization, this low proportion of the formal sector is endangered to further deterioration pushing new entrants, as well as old ones, in the labour market towards the informal sector. The conditions in the informal sector are miserable and the danger is of further misery. The long working hours, low payment, the use of child labour, the existence of bonded labour in agriculture, gender discrimination in wages & terms of employment, no minimum wages in the informal sector and the non existence of any social security measures are the basic characteristics existing at present in the informal sector.

The policies of liberalization have caused deductions in social expenditures. Even the state expenditures in education and public health

are being curtailed. At the same time the burden of foreign debt has constantly increased. Hence the hardships and difficulties of the working population have increased tremendously. The major consequences have been observed in the deteriorating living standard. Since the market deregulation has removed restrictions on prices, the cost of living has increased heavily. On the contrary, real wages and hence real incomes have declined.

Looking from another angle, consumerism has affected the whole national life not only urban but also rural life. An indigenous way of life is at stake. Access to land and natural resources for needy people have become very difficult.

However, the level of awareness against the adverse effects of globalization and neo liberalized policies is very low in Nepal.

### **Initiatives by the Trade Unions**

Trade unions are not silent observers of the changing situation. We have been working constantly against adversities from the side of social movements. But the problem is complicated in the sense that influential political parties are not determined to take strong decisions in order to minimize the adverse and negative effects of globalization.

In 1994, GEFONT had organized in cooperation with the Asia Pacific Workers Solidarity Links the International Trade Union Conference. 15 nations participated. The conference issued the Kathmandu Declaration. It clearly opposed the existing mode of privatization and advocated the Pro Worker Trade Unionism. The sentiment is carried on through 'Pro Worker Voice', the annual publication of the ITUN Secretariat.

In 1996, we adopted the 'National Labour Policy: Our Concept & Position' document in our second national congress. The document clearly states that straightforward opposition without action plans and determined efforts will be mere lip service and hence resistance movements against adversities created by liberalization are necessary. We have to look at the policies and their impacts from the perspective of workers' welfare and not from the technocratic angle of profit and growth statistics. Campaigns are necessary against the global market philosophy of comparative advantage which imposes all the burdens on the working masses. Thus, our concentration is towards social expenditure, social welfare, social security and social justice. Movement

for better working conditions and social security, an extension of minimum wages to the informal sectors and reforms in labour laws have always been our agenda.

In addition to the genuine struggles and actions, we have concentrated our efforts towards massive unionisation and Workers' Education. Our Workers' Education Packages and materials include our views on privatisation, globalisation-liberalization, their adverse effects and possible ways out. Strong organization, Massive unionisation, Intensive Workers' Education and Genuine Intervention in national policies are the basic pre-requisites to resisting the adverse effects of globalisation.

*(A Paper presented in ICEM-A/P Regional Seminar, Jakarta, Indonesia December 2-3, 1998)*

# **Structural Adjustment and Economic Restructuring in Nepal: Trade Unions Response and Demands**

*By Bishnu Rimal*

## **1. In The Beginning**

Structural Adjustment and economic restructuring policies in Nepal had been adopted after 1985 when macro- economic imbalances in the form of growing fiscal deficits and dwindling international reserves had become serious. Liberalization and privatization, thus, came into existence but were pursued more forcefully during the period of Nepali congress government in 1991-94.

While examining the period 1985-90, it is found that the policies adopted were extremely based on WB/IMF conditionalities included in the SAP, but the sine qua non of success was absent and a massive increase in poverty took place during the period. The rise in prices was doubled from 5 to 6 per cent during 1980-85 to more than 12% during 1985-90 on an average. The debt outstanding jumped up to as high as 53 per cent of GDP in 1990 as compared to 22per cent of GDP in 1985. The annual growth rate had been below 4% in spite of good performance of agricultural sector because of good monsoon conditions. The poverty level abruptly went up to as high as 71 % in 1990 from a low 42.55per cent in 1985. So it was a period which further marginalized the workers and disadvantaged people.

## **2. Early years of Nineties**

In 1990, the country underwent a fundamental change in political system from parties Panchayat to Multiparty Democracy. And after the general election of 1991, Nepali congress government implemented economic liberalization programmes more forcefully with predominant emphasis on privatization and price dictated market policies as suggested by the world Bank and the IMF. First of all, partial convertibility in the exchange rate system was introduced and was immediately followed within the year by the adaptation of full convertibility in the current



account. For the promotion of export-oriented industries, new industrial policy was formulated. High reduction in tariff rates were introduced without paper analysis of the adverse effects on import substitution and small scale industries. Subsidies on fertilizer, essential goods and services were drastically reduced so as to strengthen price-dictated market-oriented system. Prices of numerous public utility services and petroleum products were increased many times as the prices of both inputs and consumer goods rose sharply.

Some of the public enterprises were sold to the individual capitalists including foreigners in spite of the fact that most of these enterprises were operating in profits. With the provision of a new monopoly power to these sold enterprises, some of them raised the prices of their products many times putting heavy burden on consumers but without any increases in wages and salaries of the workers. Similarly in the name of raising efficiency and productivity of the labourers, they adopted labour retrenchment policy without minimum adequate facilities to the workers who were forcibly ousted from the job. As a result, open unemployment deepened seriously, Nepalese experience, of course, clearly shows that additional products and profitability of the privatized enterprises is not because of increased efficiency or internal and external economies but due mainly to the curtailment of the facilities of workers and sharp increases in product-prices.

Despite too much propaganda that the adverse effect of the new market oriented system is only a temporary and short period phenomenon, no positive impact on the development of productive forces has been witnessed in almost all least developed countries. Nepal has not been an exception to this and we have experienced more pervasive negative impact on the Nepalese Economy and labour class.

Curtailement of the facilities of workers and decline in real wages together with sharp rise in relative prices in commodity market seriously uplifted unemployment and poverty problem and the overall effect have become extremely painful. With the prices being sticky in the hands of monopoly capitalist in both the factor and product market, the economic hardship faced by the workers and common people have become intolerable. The rate of inflation reached as high as 21% in 1991/92, perhaps the highest in Nepal's history and the pressure on prices continued in the following years. Thus Nepalese experience shows that such policies pursued under foreign aid conditionalities will not only be painful for the majority of

the people but also harmful for overall macro economic management if they are implemented without considering the socio-economic structure and market conditions.

Marginal farmers, general labourers, production workers other low paid workers of both organized and non-organized sectors constitute the predominant share in the total population of Nepal. The available quantitative information shows a trend that the manifestation of poverty and income concentration process started in Nepal especially after the implementation of privatization and economic liberalization policies and is against the vast majority of population.

Moreover, there is an additional danger of small scale and cottage industries collapsing every year due to their inability to survive in the competition. The encouragement given to the capital intensive techniques, disappearance of import substituting industries in competition with multi-national companies and policies of labour retrenchment will have more adverse impact on employment conditions unless such policies are properly checked. Likewise, new Labour Act permitted equal employment facilities to the foreign labourers and thus it accentuated a replacement process displacing Nepalese by foreign labourers. Negative effects have emerged not only on poverty and unemployment conditions but also on political stability and social harmony. It has become clear that the model of SAP imposed on least developed countries like Nepal creates new economic colonies for the capitalist interest and ensures heavy exploitation of working class through various direct and indirect means.

In conclusion, whatever improvements, seemed in some macro economic indicators in early phase of implementation have not been sustainable. The improvements in agriculture have been associated with relatively large farmers of Kathmandu Valley and Terai. Similarly in non - agricultural sector, the improvements couldn't be translated into salary and wage increases because of on- going inflation. Increased expenditures in health and education in real terms have been concentrated in Kathmandu and other urban centres not easily accessible to rural poor and marginalised sections of the society. Therefore, very little achievements in efficiency, resource-management, productivity-enhancement, foreign-aid utilizing capacity, channelling of investment towards productive sectors and attracting foreign investments could not face the high population growth and ongoing inflation. Dependency of

exports on a very few items and being turned from net food grain exporter to net importer of larger quantities of food grain has resulted into a long term declining trend of the ratio of exports to imports making high trade deficits as much as 18% of GDP.

### 3. The Current year

The present government of UML has announced correction of economic policies implemented by the Nepali Congress Government. Both the Budget and economic policies recently announced have indicated that the economic reform and privatization policies will be implemented in a selective and balanced way. Government has shown symptoms of proceeding on towards the minimization of the negative impact of restructuring and adjustment policies on prices, employment, external dependency and living conditions of workers and poor people. It has given priorities on the promotion of domestic industries, tax rebates on essential commodities, increase in real wages of workers and on canalizing resources and opportunities among deprived people of backward rural areas so as to ensure equitable distribution of income in the society. The government has introduced the programme 'let us build our village ourselves and nine 'sa' campaign for overall rural development and for income and employment generation.

The present government has made efforts to change the unified tax structure by differentiating the rates among consumer, intermediate and capital goods to safeguard the interest of the domestic entrepreneur and national capitalist class. A selective approach preserving the interest of the national economy has been followed to attract foreign investor regarding the foreign investment policy.

It has been announced that the distribution of essential goods and services to the workers and low-income groups at a reasonable prices will be made available through public distribution system. At the same time, the government has constituted a land reform commission in order to formulate long-term agrarian policy not only to abolish the feudal exploitation of rural working class but also to induce production and create inevitable surplus from agricultural sector. It will ultimately result in high inducement to production in non- agricultural sector with more and more income and employment opportunities to the growing labour force.

The present government has stopped the haphazard privatization of public enterprises and has started reviewing the whole privatization policy. It has announced that only those enterprises will be privatized which are not justified on social, economic and equitable grounds and that workers' interest will be preferred to the best possible extent.

Although the government has not completely revised the liberalization and privatization policies of the former government, intention has been shown to safeguard and enhance the interest of the working class. Nonetheless, the policy pronouncement so far are less than adequate and insufficient to safeguard and enhance the interest of the Nepalese labour class, GEFONT expects and demands more specific policies and programmes in future for preventing the exploitation of working class by the monopoly capitalists, both internal and external and for raising the living standard of workers.

#### 4. Our Response

Responses by GEFONT can be summarized as:

- After 1991-92, as government accelerated privatization of public enterprises and large scale labour retrenchment, considering it against socio-economic realities of Nepal GEFONT demanded white paper for the clarity, the statement issued by GEFONT in July 1993 in this context was, perhaps, the first formal and collective response of Nepalese trade unions. The initial question is why privatization and how? A primarily agricultural country, where more than 85 per cent of the economy is in private sector, why privatization is thought essential in Nepal? This was the initial response and it raised suspicions on:
  1. Whether privatisation is partial or full-fledged
  2. Only management is to be privatised or the whole enterprise
  3. Purchasers would be foreigners or national capitalists
  4. What plans and programmes are set aside for the labour welfare of the industrial enterprises to be privatised
  5. Where to invest the funds acquired after privatisation of the enterprises?

Neither white paper appeared nor the questions were answered by the govt. in course of time.

- The then government continued privatization and Pro-government union advocated the govt. action as if economic liberalization is solely privatization. So a publicity campaign was started by GEFONT in order to build national and international opinion in this connection. Sale of enterprises to internal and external monopoly capitalists and adversities created in such enterprises were our main concern. Besides, out protest was centered to the adverse effects on workers because of so-called liberalization and restructuring of the entire economy, focusing on the policies like- no work no pay, free trade zone, labour in only contract, labour-mobility, labour retrenchment, no union no strike etc.

In the course, a south Asian workshop seminar (12-15 March, 1993) on 'Structural Adjustment programme and its effects on labour movement' was conducted by GEFONT in collaboration with Asian south pacific Bureau of Adult Education (ASPBAE). The seminar decided to prepare manual for the workers' education on effects of SAP in labour movement and on negative roles of IMF and World Bank. In addition, it decided to study and exchange the views on the experiences of Chile, Nigeria, Latin America and Philippines in the context of South Asia.

- Similarly, leaders of GEFONT have participated actively as trade union representatives of Nepal in several national, regional and international programmes and have forwarded the responses in this regard. Among them are 'Euro-Asia Seminar on SAP and privatisation' in March 1993 in Hong-Kong, Second open international conference in Paris, ICEF/FES seminar on 'SAP in allied and chemical industries in 1995 in Sri Lanka, FES/NEFAS seminar on SAP and its impact on workers' in May 1995 in Kathmandu, ISA programme of KMU in Philippines etc.
- GEFONT organized an International Trade union conference on December 10-14 in Kathmandu which was participated by 63 delegates of 38 organization of 15 countries. Thirty-two papers were presented and discussed. The Kathmandu declaration of ITUC stood firmly against the negative tendencies created by economic liberalization and the conference prepared an action plan too. It requested GEFONT to play a role of Net-work Co-coordinator for the functions of Co-ordination on the basis of

the experiences of different nations including Nepal. It realized the fact that trade union movement may be pro-workers and opposing to it. It declared 'Anti worker' to the tendency when a trade union advocates defective economic policies of a party because of its affiliation to the party and doesn't utter any word against the impact of workers resulting from the policy. On the other hand, it defined pro-worker unionism as that which defends the interest of the working class and is independent, mass-based, democratic and militant.

Thus GEFONT strives to strengthen pro-workers unionism to build a strong labour class opinion against defective economic restructuring and adjustment.

*(Presented in a seminar organised by FES 1997)*

## Poverty Reduction Strategy and Labour Perspectives

*by Umesh Upadhyaya*

### **The PRSP Process**

Recent development in the planning process has created an environment for involvement and participation of social partners and other stakeholders in Nepal. During the formulation of 10th five-year plan in Nepal, the National Planning Commission has been conducting a series of discussions both at the centre and regional level. Before finalising it as the 10th plan document, the name given is Interim Poverty Reduction Strategy Paper (I-PRSP) in the beginning and after a series of modifications and revisions, it has been renamed as Poverty Reduction Strategy Paper (PRSP), at the final stage it will be 10th plan document in the real sense. Since poverty Alleviation has been taken as the single agenda in our development strategy and single objective of the 10th five-year plan as in the 9th plan, the entire process of the 10th plan is going on in the name of PRSP. As GEFONT has also been involved in the consultative process, we had submitted our views and sum up is presented here.

### **Developing a sound wage system in Nepal**

Without developing a sound wage system in the country and society, social justice cannot be achieved in the real sense. In order to enhance greater and greater productivity and to ensure equitable distribution system for the members of the society, wage plays a key role. Therefore wage or incomes policy has always been given high emphasis while formulating and reviewing the entire national policies and policy issues. On the one hand, wage employment is in sharp expansion with the fast growing service sector, commercialising agriculture and monetization of the rural pocket economies in our country. The pattern of self-employment is also changing very fast with the extension of market and growing business orientation among the people.

The changing pattern of self-employment and informalization of formal sector has added more and more people in home-based work in the form of piece-rate wage earners. Therefore, the former price earners are indirectly being converted into wage earners. Moreover, the micro-enterprises are being converted into small satellites of exporters and the sub-contractors of large and medium size enterprises working on piece rate wages if we view in a broader sense. All these phenomena further aggravate the importance of wages both from the angle of productivity and distribution as well as from the perspective of socio-economic development and social justice.

In the formal sectors of employment, minimum wage so less that it cannot be treated as a form of social protection and separate social security measures and the system is required. But in the informal sectors of employment, ensuring minimum wages is also a very important social protection to the workers.

Therefore, the concept of minimum wages has to be given a very high importance in Nepali context. Simultaneously, a sound wage system has to be developed from the present ad hoc character of our wage system. Following points are considerable in this connection:

- Priority to expansion of gainful employment in line of decent work concept
- Minimum Wage to be based on eight working hours and cost of living
- Fair wage and incentives to be based on Productivity and Efficiency
- Fringe benefits to be based on capacity to pay
- The entire wage system to be oriented towards the destination of Living Wage
- Two concepts of Minimum Wages - National Minimum Wage and Sectoral Minimum Wage
- Basic National Minimum Wage at a level of US\$ 1.00 per day, i.e. US\$ 30.00 per month.
- Dearness Allowance to be added to the Basic NMW and to be tied with inflation
- Sectoral Minimum wages for permanent, regular and casual workers should be fixed for various sectors Above the level of NMW through bipartite negotiations in national level



- Wage Indexation system to adjust inflationary pressure on wages should be introduced by establishing a system of agricultural labour index and industrial labour index
- A permanent tripartite Minimum Wage Board should be established.

### **Effective Land Reform program for landless rural & agricultural workers**

As land is still the dominant form of wealth and of income generating asset for majority of the population in Nepal, adequate land management has always been the demand of the economy. Without land reform based on productivity as well as distributional aspects, agrarian reform and employment generation for the rural population is almost impossible. Major points to be emphasized in relation to land landless workers are as follows:

- Eradication of absentee ownership
- Lowering the ceiling on land and redistribution of land to put an end to landlessness
- Promotion to cooperative farms
- Promotion to private limited companies in Plantation and cash crops
- Development of big modern farms first as SOEs and later on selling the shares to the people and workers of the concerned SOEs

### **Establishing Social Security System**

Social protection system is almost non-existent in Nepali context. The traditional informal systems of mutual social protection in various communities and family protection in joint family system have been fast eroding, whereas the formal and modern social protection system is not yet established and developed. Only a very small portion of the total work force mainly in the public sector and negligible portion in private sector is covered under some sort of social security provisions, particularly provident fund, gratuity, pension, employment injury compensation and some Medicare facilities. The intensifying adversities created by the policies of globalisation indicate towards an urgent need of strong and wide-coverage social security and protection system for the working population of the country. The visible needs at present may be mentioned as follows:

- Establishment of Contributory Social Security Fund and operation of various schemes
- Covering both formal and informal sectors including construction, agriculture, home-based and self employed workers
- Implementation of social security measures through bipartite and tripartite consultations and negotiations for formal sector.
- Phase wise implementation for informal sector by prioritising Medicare, injuries and compensation, old age benefits, maternity and other measures including unemployment allowance for a fixed short period
- Provision of social assistance under a permanent system and structure

### **Effective implementation of labour laws**

Formulation, revisions and amendments of labour laws are not much difficult in South Asia and naturally in Nepal, but implementation and enforcement of those are extremely neglected aspects. Particularly in Nepal, labour side is always looked at with high negligence by the bureaucratic and political corners. Therefore, especial consideration to labour law implementation and strengthening enforcement mechanism is an urgent need, which can be done:

- By strengthening labour administration
- By activating Central Labour Advisory Committee and Labour Relation Committees in formal sector
- By monitoring the implementation of labour laws through a tripartite structure based on VDCs and Municipalities both for formal and informal sectors on working conditions, wages and gender discriminations
- Unfair labour Practices

Our labour market is extremely dominated by unfair practices mainly because of feudal type of socio-economic conditions and relations. Various forms of unfair practices do exist in relation to bondage, use of child labour, exploitation of women workers, exploitation of Dalits as untouchables, heavy workload of higher than 8 hours and other exploitations and abuses based on very low level of awareness of the working masses:

- Elimination of bonded labour practices and rehabilitation and resettlement
- Especial consideration of Dalit Labour through special scheme
- Elimination of worst forms of child labour and minimising other forms of child labour
- Elimination of various forms of unfair labour practices in the formal as well as informal sectors of employment

### **Working Conditions and OSH plus Environment**

Working conditions are miserable and exploitative not only the informal sectors of work but also in the formal employment. Poor level of awareness of the workers on right-based approach basically in relation to workplace environment, low-paid position, safety and health, sexual harassment, other forms of harassment and discrimination are important. Detail workout and determined efforts are necessary with regard to the following broad categories:

- Awareness Building
- Improving workplaces and working environment
- Safety Measures
- Effective steps against sexual harassment and gender discrimination at workplace

### **Training, Productivity and Income Generation**

Training, productivity and income generations are closely correlated factors in the world of work. A consolidated national training policy, strategic productivity movement and income generation schemes of multiple characters are necessary to enhance both self employment and wage employment which in due course can contribute significantly for fast reduction of poverty. To be precise, following points may be considered in this regard:

- Developing work culture through motivation and a system of incentives
- Productivity movement in agriculture, industry and services
- Skill Training and retraining system to be developed
- Promotion and incentives to Trade unions and enterprises to organize training for workers and management for higher productivity

- Women focused self employment, cooperative and micro credit schemes in rural areas
- Training for promoting gainful foreign employment

### **Foreign Employment**

Foreign employment is highly significant with the viewpoint of gainful employment and foreign exchange earnings. The high underemployment and increasing open unemployment cannot be overcome only through employment generation in various sectors of economy at present in Nepal. As agriculture is under traditional and subsistence character and manufacturing is almost stagnant, expanding service sector alone, and that too under less labour intensity, cannot generate sufficient employment opportunities. Therefore, foreign employment has an important role in income and employment in Nepal. Some basic points for consideration in relation to income, foreign employment and poverty reduction are as follows:

- Recognising Nepal as a labour surplus country
- Regulation of foreign employment and foreign employment information and monitoring system
- Regulation of foreign migrant workers in Nepal
- Strict monitoring of the activities of foreign employment agencies
- Diplomatic protection of Nepali workers working abroad
- Easy remittance arrangement of the earnings of Nepali migrant workers

### **Registration System**

Registration of informal sector workers particularly agriculture and construction workers in VDCs and Municipalities including home-based and street-workers

*(Published in Workers News 32, March 2002)*

## **Impact of Globalization in the Formal & Informal Sector: Responses & Resistances**

*By Umesh Upadhyaya*

### **What is Globalization in the Real Sense**

Globalization in general humanitarian sense must be understood as creating a situation where people & nations all over the globe come closer and closer with lesser & lesser conflict and greater & greater prosperity. It is a process going on from centuries and further may go on for centuries. However, the Present-day Globalization is a fast flow of scattered ideologies, policies & activities forwarded & launched to restructure the globe in political, economic social, cultural & environmental paradigms in order to make the new capitalism & market philosophy inevitable, unchallengeable & acceptable with no option.

Thus globalization as pushed forward today is the modern capitalism in business suit with currency notes in a briefcase & conditionalities in the coat pocket instead of the military uniform with guns, grenades and tanks.

### **Four-wheels of Globalization**

- IMF – WB – WTO
- TNCs – JVs – BBHs
- NGOs – INGOs
- Modern Media – ICT

### **Impact on working class**

The impact of the capitalist globalization is widespread covering almost all segments of society and sectors of employment & work. Since majority members of the society fall under the broad category of working class, Vulnerable and immediate point of adverse effect is the workers both in the formal & informal sectors. As labour cost is easier to curtail in comparison to other costs on other inputs, cost minimization

and hence increment in or maintaining of profit margin is possible only through pressure on labour costs in the present context of severe competition, employers do not try to curtail other costs. It is also because of the fact that labour can be replaced by other factors of production through technological innovation. Thus entrepreneurs have easily established and are relying on the inverse relation between huge profits and labour costs. Therefore, the impact of globalization on working class should be viewed in a broad spectrum

### **Positive Impacts**

- Fast growth & decentralization of production
- Fast Distribution possibilities
- Development of science & technology
- Fast growth of service sector
- Rapid development of urban centres
- Popularity of pluralism
- Increased awareness in a right-based track
- Increased environmental awareness
- Increasing remittances of foreign exchange in developing countries & LDCs

### **Negative Impacts**

- Increasing attack on labour & human Rights
- Blows on sovereignty of the nations & the people, thus attacking the developing democracy
- Changes in pattern of employment and fast declining labour intensity of production & services
- Negative use of labour flexibility particularly for easy hire & fire
- Increasing inequality & Poverty
- Concentration of capital & Political control in few hands
- Informalisation of labour and profit race
- Increasing efforts to chase out unions from labour market
- Clientization & consumerization of working people instead of citizens
- Decline in real wages & incomes as compared to removal of subsidies & price-controls
- Privatising not only public enterprises & state owned enterprises, but also government responsibilities & services

- Increasing unemployment & underemployment
- Promoting workers to migrate for job towards extremely exploitative conditions
- Curtailed expenditure on social security & social welfare
- Increasing child labour in LDCs
- No diplomatic and human protection to migrant workers
- Intensifying problem of food security
- More offensive debt trap
- Fast expansion of consumerism and individualism and displacing collectivism
- Fast eroding joint family system
- Export of pollution from the developed countries
- Heavy intervention in cultural & indigenous life
- Establishing private ownership in natural resources
- Institutionalization and naturalization of corruption
- Detraction of young workers & new labour market entrants from trade union movement
- Heavy class transition of people creating bigger & bigger gap between rich and poor

### **Arguments of Pro-globalization employers**

- Necessary for high competitiveness & existence of native employers-entrepreneurs-Producers
- Changing pattern of employments requires labour flexibility to enhance productivity
- Nepali workers being less productive & more right-base-oriented
- Linking wages with productivity and practice of wage flexibility instead of minimum wages
- Legalization of Hire & fire policy
- Free exit policy
- No protection and facilities provided by the state to entrepreneurs
- For the revival of economy from a very difficult critical condition of present.

Employers and the business class is in dilemma and practicing a double standard. In case of those JV enterprises where they are involved with

MNCs, they talk about full-fledged liberalization and in case of their own enterprises they argue for protectionism

### **Arguments of pro-globalization policy-makers**

- Labour law reform & flexibility necessary to attract FDI
- Labour market rigidity to be put an end to promote more & more employment
- Export oriented industries should be given high priority

### **Public regulation of capital**

- Public regulation of capital is very weak owing to the heavy corruption
- Public sector health & education services have become much inefficient in spite of the quality human resource in the government machinery. The public sector is victimized by extreme negligence and commission-oriented intention of privatization.
- Exploitative & inefficient private sector has been handed over various public services
- Public sector transportation has become zero in Nepal
- Prices in public sector goods & services have gone up especially in electricity and water supply in the pressure of World Bank.
- Banking services previously available to remote rural areas are now declined.
- Transportation & communication have made rural & urban areas geographically closer, but income gaps have become much wider.

### **Responses & Resistance**

- Formal sector employers are fast informalising the use of labour and getting cheap & easy to handle labour from informal part of labour market.
- Service sector is flourishing, but formal labour market is becoming smaller & smaller.
- Wage employment is increasing and supply of new entrants in the informal part of labour market is higher & higher every year, but expansion of unemployment is very high.



### **Therefore, responses & resistance are focused on**

- Voice & activities for job security
- Efforts for single unionism
- Continuous dialogue with government & employers on labour law implementation and other labour issues
- Continuous dialogue with Big Business Houses & Multi national Enterprises
- Concentration of union activities towards informal sector & agricultural workers with especial focus on unionization of women workers
- Development of cooperatives especially for health protection
- Movement against bonded kamaiya system and freedom & rehabilitation
- Activities against exploitative labour practices basically focused on child labour, women workers, bondage and dalit workers as the most vulnerable part of informal sector workforce
- Formation of Trade Union Committee for Gender Equality & Promotion as a collaboration of all trade union confederations in the country
- Beginning of unionization of street-based, home-based and self employed workers
- Moves in collaboration against haphazard privatization of public enterprises
- Multiplying activities on occupational safety & health
- International Trade Union Conference in 1995 with the theme - Strengthen pro worker unionism: Oppose Privatization
- South Asian Consultation on WTO & Social Clause in 1995
- South Asian Consultation on debt bondage in 2001

### **Against Adversities created by Globalization**

National Trade Unions can concentrate themselves on:

- Revitalising the relevance of Trade Unions
- Minimizing the increasing bureaucratic functioning of trade unions
- Replacing the old outdated leadership from executive role to advisory role with due respect
- Heading towards single unionism in the country

- Formation of trade union alliance and formal informal umbrellas
- Issue-based unity structures & enhancing cooperation in order to relaxing rivalry
- Taskforce of trade unions on contemporary issues
- Joint movements in Industry & federation level
- Mergers of unions of same nature
- Parliamentary go ahead and Joint lobbying
- Intervention & involvement in local bodies
- Highlighting labour issues in every possible forums and creating public opinion on labour & trade union issues
- Campaigning & Working in collaboration on issues of social concern with NGOs & consumer organizations

In addition, involvement of other actors is also necessary which may be mentioned as follows:

#### National & Local level

What To Do	Who Will Do
Development of resistance Movement	Trade Unions Mass Organizations of Women-peasants-Dalits-Youths-Students-Minorities Human Right organizations Pro-People NGOs
Extension of Social Security, Social Protection & Social Insurance System	State Trade Unions Employers Cooperatives Health providers Pro-People NGOs
Integrated organized intervention in the 4-Wheels of Globalization & International Forums	State Human Right organizations NGOs Trade Unions Mass Organizations
Practice of Collectivism & Cooperatives	Community Based Organizations Cooperatives Trade Unions Mass Organizations

What To Do	Who Will Do
Democratization of workplace & involvement of workers in every layer of decision making in order to ensure pro-worker flexibility instead of autocratic flexibility	Trade Unions State Employers' organizations
Organizing the workers through a massive unionization approach with heavy emphasis on informal sectors of employment including agricultural workers	Trade unions Mass organizations of peasants, women & youths Cooperatives & self-help groups Community-based organizations
Research & highlight on the disguised realities	Organizations of intellectuals Academics Research institutes
Worldwide campaign for Socialism based on Pluralism with a high degree of tolerance in between various possible models	Political parties Political Organizations Trade Unions Mass organizations

### Sub-Regional & Global level

Battle against Globalization cannot be fought in isolation within local & national periphery and hence the fight should be regionalized & globalized to be launched in collaboration

- Issue based – Action based unity to be promoted among TUs and alliance formation among South Asian TUs
- South Asian Moves against exploitative practices of those MNCs, JVs, BBHs which work in countries of South Asia
- Hand-in-hand go ahead with genuine NGOs & Labour Support as well as Labour Research Organizations
- Developing common voice of South Asia on labour issues
- Exchange of solidarity & Protest messages and moral support in one another's struggles
- Organizing seminars/workshops/interaction programmes and exchange of delegations
- Action for uniformity in minimum wages and minimum labour standards for South Asia both in the formal & informal sectors with emphasis to social protection

- Regulation and protection of subregional migrant workers within South Asia and joint efforts to protect South Asian Migrant worker outside South Asia
- Developing national resistance movement through a collaboration on common issues among TUs, POs, MOs, COs, HROs and NGOs
- Sectoral Conferences like Hotel Workers, Textile Workers, Food & Beverage Workers
- Research & Publication with emphasis on case studies

### **Challenging the so-called inevitability of Globalization**

The efforts under the strategy of globalization for a new world order, where everything will have to remain on the 'kindness' of market and gestures of TNCs, cannot lead human society to prosperity & equality. The efforts to immortalize the new capitalism & uninterrupted mobility of capital cannot continue a long go ahead. Whatever economic-financial-technical arguments are forwarded to prove innocence & inevitability of globalization & liberalization, no one can deny the widening big gap between rich & poor people and between rich & poor nations. The explanations, that in spite of some hardships in short-run period, there will be everything okay in the long run, have already become out-dated and false. Whatsoever is the publicity of rapid economic growth & prosperity as the outcome of competition and most efficient allocation of resources, the reality and achievements have been quite opposite. Therefore in the course of time, a new world order must replace the present one. The emphasis to the practice of putting everything on the 'kindness' of the market and converting state into a facilitator, assistant and loyal servant of the market has damaged the social justice to the sufficient extent.

The result is the series of resistance movement here and there frequently. But movement in countries separately in isolation does not make any sense. The resistance movement should be developed to take a sub-regional, regional and international shape and resistance should be globalized. Therefore, development of a system of ensuring Social control over the 'almighty' market and peoples' intervention & participation in each of the level of economic & political decision-making can gradually displace the present capitalist globalization. Whatever speedy may be the wind of present day globalization, it is not inevitable and will loss its wing to fall on the ground.

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7

Migrant Workers

## GEFONT and Migrant Workers

*by Bishnu Rimal*

Nepal, clearly situated between two giant nations- China and India, is a small land-locked country. It falls under the group of least developed twenty-nine countries. As it is underdeveloped and still in a semi-feudal conditions, nearly 7.5per cent of the total population is employed in industrial and service sector. The per-capita income in Nepal is equivalent to US \$200.

In Nepal, the 60 per cent of the people are still illiterate. 82% of the total population is dependent on agriculture and more than 51 per cent of the population falls below the poverty line. The Nepali economy is highly dominated by foreign aid and debt. At present, the foreign debt is more than Rs. 12700 million and the trend indicate that it will exceed 20,000 million before the year 2000 A.D. A child has shoulder the debt of roughly Rs. 6000 at his birth. Because of considerably low growth rate, export is lagging more and more behind in comparison to imports. As a result trade -deficit has become chronic and is estimated to reach Rs. 5500 million by the end of this year. Unfortunately, 1per cent of the annual budget is being spent for the allowances o ministers.

In the name of integration with the globalise world economy, economic liberalization is blindly adopted in Nepal without analyzing prose and cons. Especially in the expectation of more and more loans, government has implemented the policy of economic liberalization, privatization and free market economy under the instructions and conditionalities of IMF/WB.

### **Nepal: Migration and Migrant Workers**

A quite considerable number of Nepali workers go abroad in the absence of fruitful employment within the national boundary. After Nepal-British/ India war of 1814-15 AD, formal entrance of Nepali citizens in foreign employment started when 4650 Nepalese were appointed in

British -Gurkha regiment. And then, a large number of Nepali workers had migrated to India for the employment in the tea-estates of Darjeeling and wood-works of Asam during the second-half of 19th century.

In those early days, Nepalese were forcibly used in armed forces by the colonial rulers in negotiations with the feudal rulers of Nepal. Later on, the persons going abroad for employment used to work not only as porters and gateman but also as the sex-workers. Nowadays the areas of foreign-employment have been widened much more covering even the professional and skilled manpower. It is described clearly in a booklet published for the information of foreign employers by His Majesty's Government of Nepal, Ministry of labour (MOL/HMG).

Although Nepal is one of the least developed countries, the pressure of the migrant workers from abroad is considerable. In addition to the large number of Indian migrants coming without intervention through the open Nepal-India boarder, migrant workers from Germany, Japan, China, Pakistan, Philippines, Norway, Armenia, England, Denmark, USA, Bangladesh, Thailand, Russia, Holland, Australia, Switzerland, Malaysia, Italy, Kajakisthan, France, Ukraine etc. are also working in Nepal.

### **Nepali Migrant Workers Abroad**

While looking at the number of foreign migrant workers in Nepal and Nepali migrant workers abroad, complication and confusions do arise because of the open Nepal-India boarder. It is really difficult and can't be said anything with confidence.

According to the latest statistical information published by Department of Labour/HMG, the total number of Nepali migrant workers excluding India is 11,157 (See Table No. 1). However, this data is not reliable the information from our support groups formed in different countries challenges the reliability of this data. According to Nepali Service Committee as a GEFONT-Support Group in Japan 500 Nepali workers (male 440 & female 60) are there in Sizukaken and Eichiken cities. The committee claims that the total number of Nepali is more than 5000 in Japan. Similarly, Nepali Consulting Committee in South Korea claims that there are more than 2500 Nepali migrant workers at present. In addition, the Far East Overseas Nepalese Association (FEONA- Hong Kong) is of the view that the number of Nepali workers is more than



10,000 only in HK. Another informal source claims that Nepali workers legally permitted to work are 1000 in domestic services, 1000 in Security works, 500 in restaurants, 500 in construction and 100 in transports. The source claims that the workers without permit are more than 5000.

In India, it is estimated that there are 68 million citizens of Nepali origin. The statistics can't be denied in view of the large number of Nepali language speakers in Darjeeling (west Bengal), Asam, Sikkim and other states. In this context, we can memorize the 'Report on internal and international migration in Nepal' prepared by NPC in 1992. This report has mentioned that 2,74,968 Nepalese were in India in 1961. Since then, the experiences indicate that migration has increased much more. At present, the number of the people of Nepali origin is estimated to be 6 millions in India. All India Migrant Nepali Association has assumed that 50 per cent of the total Nepali in India is the citizens of Nepal. In recent years, a trend to work as agri-labourers in different states of India mainly in Punjab and Hariyana is fastly increasing among Nepali citizens. So the number as agri-labourers, service-workers, police and Army-men, porters, gatemen and the Kanchha (The hotel boys) working all over the India, is taken into consideration, can be claimed to be more than two millions in India. In this content, mentionable is the statistics of 1,53,000 Nepali women engaged in sex-trade in different Indian cities as presented in " Sex-Trade in Nepal : Realities and challenges" written by Gauri Pradhan.

Regarding how many Nepali has been sent abroad by foreign employment agencies, we can't find the statistical records as Government Entities are passive in these regard.

### **Migrant Workers in Nepal**

The number of migrant workers in Nepal in April 1996 is 1998 as mentioned in a report by Department of Labour (DOL). The same report reveals that 643 migrant workers have been given work-permit during 1991-96 March. According to DOL source, there are 2,126 Migrant upto September 1997. But Government departments keep silence in connection with the number of Indian migrants working in Nepal. Two decades ago, Ministry of Foreign Affairs of India had mentioned in a context that there were 3.8 million Indian migrants in Nepal. But at the same time, another authentic/census source of India mentioned the number to be only 150,000. Along with these

contradictory facts, the population census of Nepal 1971 gives the data to be 137,583. Except these, there are no reliable and authentic statistics, so we can just say, in the present context, that the number of Indian migrants in Nepal is very large. In practice, it is clear that almost 80 per cent of the Indian migrants are from working class whatever the actual number is.

However, an indication in this respect is shown by the study on 'Labour Market Information Collection' done by DOL in 1993/94. Among the 474 industrial units of 8 districts taken under the survey, 4052 were foreign migrant worker out of a total number of 26,351 workers, i.e. 15.37% foreign migrant workers of the 4052, 18.56% were women workers and 81.44 per cent the males. A similar study in the far eastern district of Nepal reveals the fact that 1807 workers were foreign migrants in altogether 48 industrial units, of which the percentages of high-skilled technicians, administrative manpower, skilled workers and unskilled workers were 0.88, 4.09, 5.93 and 89.1 respectively. In accordance with these surveys, almost 98% of the foreign migrant workers were Indians.

### **The Conditions of Migrant Workers**

There are numerous real stories of the sufferings of the Nepali workers gone abroad for employment. It is believed that Nepali workers are accepted in East and South East Asia as well as Gulf-countries only because they are cheap' and they do whatever job given. Most of them are the educated male and female from middle and lower middle class families who go abroad with a hope to earn much within a short period. The large number among them works illegally, for example, out of a total 500 Nepali migrants working in Sizukaken and Eichiken cities of Japan, 495 are working without permit.

Nepali - whether by training visa or by illegal measures-used to reach their destination countries after paying Rs. 80,000-100,000 to the middle man or middling agencies. They have been generally forced to work under '3-D' (Dangerous, Difficult and Dirty) conditions. Among those working in South Korea, 26 have been killed and more than 100 have returned as disabled. Regarding the exploitation of Nepali migrants, Asha Maya Thapa, who had been working in HK up to 1996, is also an example. She was severely suffering of jaundice and pneumonia and had 2.5 pint of blood in her body when she was ousted from the job.

Mostly women workers are the major sufferers among the Nepali migrant workers. Thousands and thousands of Nepali women in India smuggled and sold for prostitution or forcibly used in sex trade are suffering of different sexual diseases including AIDS-HIV. Many of them have become the social problems who are forced to return home because of AIDS.

In early 1996, Maharashtra state government of India arrested 217 AIDS-stricken Nepali women and put into custody. The Maharashtra government put forward its view that the women should be handed over to Nepal and that HMG/N should accept the proposal. But HMG/N took no notice of it and became totally indifferent towards the event. Up to now, three of them are already expired. The pains and sufferings of those who entered Singapore and Malaysia without work-permit are also horrifying. They have been put into jail and tortured. The hunter-blows on the whole body of Jambu Sherpa, who, any how, managed to return back from Singapore, clearly signify the inhuman practices prevalent there. According to him, more than 200 Nepali workers are in Singapore jail and almost the same number in Malaysian jail. In connection with the Nepali migrant workers without legal requirements to work, foreign employment agencies are fully responsible. On 22nd April 1997, the Ministry of Labour/ HMG had constituted a commission-"Commission for the Investigation of Irregularity in Foreign Employment" to unmask those agencies. The list of company identified by the commission is given Table: 4. Though some of the agencies, which used to exploit innocent Nepali workers leaving them helpless in foreign territories, have also been tapped under government action, but still it is too inadequate. On the contrary, the condition of migrant workers in Nepal is not like that of Nepali migrants abroad. Generally, the migrants (except India) from other countries enter Nepal in especial mission and under special project and, of course, they receive good respect, facilities and high-protection.

There exists a very low minimum wage in Nepal which is insufficient and the policy of wage determination, too, is unscientific ( see table -2) . No third country migrant worker can subsist on the prevalent minimum wage of Nepal. But the case of thousands and thousands of Indian migrant workers is totally different. They are the major competitors of Nepali workers in our labour market. These migrants, mainly because of high unemployment in India, enter and are accustomed to work whatever be the terms and condition. They are always ready to sacrifice

the rights provided by Labour Act and work under the wages less than the fixed minimum wages. They are especially centred in construction, garment. Carpet, tea estates, other small industrial units and in seasonal agriculture in large number. In the one hand, they are working under exploitative as well as painful conditions and very low wages; on the other, they are looked at by Nepali workers as their 'job snatchers'.

### **Foreign Employment and Legal Provisions**

Documents in the format fixed by DOL have to be presented in order employment. After advertising under the permission of DOL. The workers should be selected by an interview in the presence of department officials/ or the jobs as demanded by the concerned country. The arrangement of passport, visa and an insurance equivalent to Rs. 100,000 has to be made by the concerned agencies when workers are selected through the due process.

The agency has to submit the promissory letter of the worker to bring foreign exchange when coming back to the country and also the contract-papers between the foreign enterprise and Nepali worker. And only then, the agency is finally permitted by DOL to send the worker abroad. Even after all these processes, the responsibility of agency is to give orientation to the workers concerned before their departure. There are numbers of such agencies permitted to work in connection with foreign employment in Nepal.

On the other side, migrants from abroad except Indians can't work without work-permit. They have to apply first with genuine cause for employment. They get permission only after the different administrative processes in the Ministries of Labour, Home, Finance and Foreign Affairs.

### **Legal Rights and Role of Migrant Workers**

His Majesty's Government has opened the exit door for foreign employment to all ranging from highly skilled manpower to unskilled labourers. MOL/HMG has advertised it through the brochure 'Manpower recruitment from Nepal' and the booklet 'A handbook for foreign Employers'. The major cause behind this advertisement by the government is to push off the educated, semi-educated and uneducated unemployed groups. The logics of the government that national economy will be strengthened by the foreign exchange earnings through

foreign employment is practically lacking due emphasis in its policies. Because the Nepalese working abroad are facing numerous difficulties in remittance of their earnings and are frequently cheated by the middling agents. Generally, migrant workers have been facilitated by Banks to remit their earnings but in cases of Nepali migrants in many countries, it has not become possible and the weaknesses of government units concerned may be considered responsible.

Evidences show that Nepalis working as domestic helper abroad have been the victims of under- payment. Even if we overlook the cases in East-Asia and Middle East, the large number of domestic helpers in India are under extremely exploitative conditions. There is a 'treaty of peace and friendship, 1950' between Nepal and India, which the nationalists of Nepal have always opposed as 'Unequal treaty.' This treaty has given the right to work without intervention to the citizens of both the country. However, Nepali are not equally treated and their rights are always suppressed in India, whereas Indians in Nepal have always been in convenient position in accordance with the treaty.

Trade Union Act 1992 of Nepal provides right of involvement in trade union activities to all the workers-foreigners as well as natives- in industrial and commercial enterprises. Although the foreigners can't be elected in executive committee, they are assigned the right of collective bargaining within the enterprises. Migrant workers of Nepal have the rights almost equal to those of Nepali workers which can be justified by the fact that no single evidence of the arrest of any migrant workers is found here.

### **GEFONT and the Migrant Workers**

GEFONT has convened its second National Congress at March 1996. An important document covering the outlook, concept and position of GEFONT on National Labour Policy has been adopted by this congress. In this document, foreign employment, and migrant workers issues are also analyzed.

GEFONT is of view that uninterrupted flow of capital from the developed countries can be balanced through the labour-export of the developing ones. Traditionally, Nepali workers are well known in the form of 'Gurkha' and 'Army-man', but the scope of foreign employment in military service is, now, very little and declining. But the attraction

towards foreign employment is increasing day by day mainly due to lack of gainful employment within the country and the social conservatism existed in the society mentality of avoiding blue colour jobs within the country and doing the same works outside. However, as mentioned above, there is neither diplomatic protection for them, nor easy and secured remittance of their earnings to the home-country.

Thus, for their protection and rights, GEFONT has started to organize them through GEFONT support groups. This is going on in HK, South Korea, Japan, India and some of the Gulf countries. GEFONT has also made a provision that representatives from the support group of each country can participate in its National congress. Although we are active for the protection of their interests, we feel that they have to be trained and be given orientation in some issues and that the government should be warned in some policy issues.

Definitely the scope of foreign employment should be broadened and government should take major concerns and necessary steps. But extreme care should be taken on brain-drain and skill drain. The present policy of government should be revised and scientists doctors, engineers and highly qualified and skilled technicians should be properly utilized within the country by creating adequate environment. There is a danger of skill-drain and brain-drain as the outcome of the present foreign employment policy of government.

On the other hand, migrant workers should change their mentality of permanent settlement where they have gone to work. Motherland is motherland. Their involvement in foreign employment should be limited to a particular period, if they don't feel it and try to settle there permanently, foreign employment will be useless for the nation as a whole.

Similarly, our attitude should not be negative towards migrant workers working in Nepal. We should welcome skilled migrant workers for the mutual transfer of skilled and technology. However we will have to create cordial environment for their return-back to their home country after a certain period.

We have mentioned in our policy that labour export from the third world should be made easy and without complicated barriers. Our logic is that these issues should not be looked at with a blind-nationality point

of view. Of course, in this context, we are alert because of the open boarder between Nepal and India, size of Nepal and India and the population and unemployment rate of Nepal and India. We are quite clear that even the excellent policies may become harmful with nationalist point of view if native workers in our motherland are displaced by millions of Indian migrant workers.

Therefore, in view of special conditions in Indo-Nepal relation, we have given due emphasis to 'work permit system' to all the migrant workers including the Indians which is clearly analyzed and presented in our 'Labour Policy ' document.

*(Published in Asian Migrant Centre's Migrant Year Book; 1997)*

## **Issue of Protection of Migrant Workers and their Families**

### **Background**

Nepal, clearly situated between two giant nations- China and India, is a small land-locked country and second last least developed country with the view point of human development among 29 Asian countries. As it is underdeveloped and still in a semi-feudal conditions. 78% of the total population is dependent on agriculture. The per-capita income in Nepal is equivalent to US \$240. In Nepal, the 60 % of the people are still illiterate and officially 38 % of the population falls below the poverty line.

The Nepali economy is dominated by foreign aid and debt. A child has to shoulder the debt of roughly Rs. 9,000 at his/her birth. Because of considerably low growth rate, export is lagging more and more behind in comparison to imports. As a result chronic trade deficit has become a salient feature of the foreign trade scenario of Nepal and is estimated to reach Rs. 5500 million by the end of this year. Unfortunately, 1% of the annual budget is being spent for the allowances of ministers. since last 9 years the violent conflict between Maoist and security force has created extreme difficulties in the entire national life. Within the recently passed five years, a number of enterprises have closed down. Tourism industry, one of the most important in foreign exchange earning has highly slackened down. Every year Nepal labour market has to face 300,000 new job seekers. But the economy at present is unable to provide jobs and unemployment is more and more aggravated. In the declining trend of economic activities within the country, only option is the foreign employment and migration of the people. Thus Nepal is facing a situation-forced migration of workers in a mass scale. Conflict has created a situation of heavy displacement of workers and their families which has resulted into internal and international migration of the



people. People are forced to migrate from their origin places to different places.

### **Migration to India**

When we talk about Nepali Migrant workers abroad, we cannot ignore the India-Nepal free border and open migration. Migration to India was begun early in 1816, when East India Company appointed Nepali citizens in their regiments. Since then, a large number of Nepali workers had migrated to India for the employment in tea-estates of Darjeeling, Asam for livestock farming, dairy and cultivation. At present, it is estimated that there are 7 million citizens of Nepali origin. The statistics cannot be denied in view of the large number of Nepali language speakers in Darjeeling (west Bengal), Asam, Sikkim and other states. In this context, we can memorize the 'Report on internal and international migration in Nepal' prepared by National Planning Commission in 1992. This report has mentioned that 2,74,968 Nepalese were in India in 1961. Since then, the experiences indicate that migration has increased much more. At present, the number of the people of Nepali origin is estimated to be 7 millions in India. All India Migrant Nepali Association has assumed that 50 % of the total Nepali in India are the citizens of Nepal. In recent years, a trend to work as agri-labourers in different states of India mainly in Punjab and Hariyana is fastly increasing among Nepali citizens. So the number as agri-labourers, service-workers, police and Army-men, porters, gatemen and the Kanchha (The hotel boys) working all over the India, is taken into consideration, can be claimed to be more than two millions in India. In this content, mentionable is the unfortunate statistics of 1,53,000 Nepali women engaged in sex-trade in different Indian cities as presented in " Sex-Trade in Nepal: Realities and challenges" written by Gauri Pradhan.

Regarding how many Nepali has been sent abroad by foreign employment agencies, we cannot find the actual statistical records as off-the record push-off is heavier than the legal ones. Later on from 1980s, Nepali citizens started to flow towards Developed, Mid developed and Developing countries like; USA, UK, Australia, Japan, Western Europe, S. Korea, Taiwan, Hong Kong, Malaysia, Singapore, Middle East and others.

### **History of Migration and Migrant Workers**

Sugauli Treaty:

On December 2, 1815, war between British India led by East India Company and Nepal came to the final negotiation to stop the war and restore the relation of peace and amity between two countries at Sugauli (which is now in India). In this treaty, East India Company and Nepal

government agreed for the fixed border where Nepal was compelled to lose one third part of whole land and forced to fix the border up to Mechi river in East, Mahakali river in West and in South up to the hills. After this treaty British government offered Nepal government to recruit Nepalese citizens in their arm force.

Though in early time, Nepali citizens had been migrated to neighbour country India, Burma and to Tibet for job seek but it was not recorded officially. Firstly, on 1815-1816, British government appointed 4,650 Nepali citizens in British-Gurkha Regiment. To whom we call now as "Lahure" and it was the first legal migration to and still in continuation. At present days too, Gorkha-Regiment are in British and Indian Army. In those early days, Nepalese were forcibly used in arm force by colonial rulers in negotiation with the feudal rulers of Nepal.

### **Migration to Overseas Countries:**

Since 1980s, Nepali citizens began to move in different countries for employment and gainful earnings. But last two years record shows more sharp data of move-abroad. The choice of destination country by the migrating workers is divided in 5 categories depending on their socio-economic condition. Such as a person whose family economic condition is good they move to an 'A' category countries and a person whose family economical condition is very low they move to 'E' category countries (see table no. 1) and nearby country like India. These categories show also the class of workers and their conditions.

HMG/Nepal has listed 16 countries where Nepali workers can be officially recruited through registered manpower agencies for foreign employment. These countries are: Saudi Arabia, Qatar, United Arab Emirates, Bahrain, Oman, Kuwait, Iraq, Malaysia, Hong Kong, Brunei, S. Korea, Saipan, Israel, Seychelles, Maldives and Macao. Even there are listed countries for overseas employment but Nepali citizens have been working in different countries with different status. Foreign employment is not only supporting good remittance also solving the problems of unemployment and poverty.

### **Migrant Workers in Nepal**

Although Nepal is one of the least developed country and sending country for human resources, the pressure of the migrant workers from abroad is considerable. In addition to the large number of Indian migrants coming through the open Nepal-India boarder, migrant

workers from Germany, Japan, China, Pakistan, Philippines, Norway, Armenia, England, Denmark, USA, Bangladesh, Thailand, Russia, Holland, Australia, Switzerland, Malaysia, Italy, Kajakisthan, France, Ukraine etc. are also working in Nepal. The number of migrant workers in Nepal in April 1996 is 1998 as mentioned in a report by Department of Labour (DOL). The same report reveals that 643 migrant workers have been given work-permit during 1991-96 March. According to DOL source, there are 2,126 Migrant up to September 1997. The number of workers from countries other than India does not seem increased.

But Government departments keep silence in connection with the number of Indian migrants working in Nepal. Two decades ago, Ministry of Foreign Affairs of India had mentioned in a context that there were 3.8 million Indian migrants in Nepal. But at the same time, another authentic/census source of India mentioned the number to be only 150,000. Along with these contradictory facts, the population census of Nepal 1971 gives the data to be 137,583. Except these, there are no reliable and authentic statistics, so we can just say, in the present context, that the number of Indian migrants in Nepal is very large. In practice, it is clear that almost 80% of the Indian migrants are from working class whatever be the actual number.

However, indicative is the study on 'Labour Market Information Collection' done by DOL in 1993/94. Among the 474 industrial units of 8 districts taken under the survey, 4052 were foreign migrant workers out of a total number of 26,351 workers, i.e. 15.37% foreign migrant workers of the 4052, where 18.56% were women workers and 81.44% the males. A similar study in the far eastern district of Nepal reveals the fact that 1807 workers were foreign migrants in altogether 48 industrial units, of which the percentages of high-skilled technicians 0.88%, administrative manpower 4.09%, skilled workers 5.93% and unskilled workers were 89.1% respectively. In accordance with these surveys, almost 98% of the foreign migrant workers were Indians. Although there are migrant workers in different Industrial Zone of Nepal in different working class but they are not facing any discrimination between local workers.

### **The Conditions of Nepali Migrant Workers in Abroad**

Numerous cases of intolerable sufferings of the Nepalese migrant workers have been found abroad. It is a bitter reality that Nepalese workers are accepted in East and South East Asia as well as Gulf-

countries only because they are cheap and they do whatever job they get. Among those working in South Korea, 50 have been killed and more than 200 have returned as disabled. Every month about 10 Nepali workers are dying in the gulf countries.

Regarding the exploitation of Nepali migrants, Asha Maya Thapa, who had been working in HK up to 1996, is also an example. She was severely suffering of jaundice and pneumonia and had 2.5 pint of blood in her body when she was ousted from the job. Unofficial sources from Ministry of Foreign Affair reveal that nearly 100 Nepali Migrant workers are dying each month abroad and about 100,000 Nepali are moving for overseas employment per year.

Although Nepal government has opened 16 countries officially for foreign employment but it is not included for skilled workers. So, Nepali Migrant workers are divided only in two categories as Semi-Skilled Workers and Unskilled Workers (see table no3). On Semi-Skilled category most of them are the educated male and female from middle and lower middle class families who go abroad with a hope to earn much within a short period. The large number among them works as undocumented. Nepalese, whether by trainee visa or by illegal measures, used to reach their destination countries after paying considerably huge amount to the middle man or the so called employment agencies. They have been generally forced to work on semi skilled works depending upon labour market of each country. In Unskilled category, most of them are from low class families going abroad for family-survival. These people use to go to Middle East and neighbour country India. Most of them use to work as industrial Labour, cleaner and sweepers, farm labour, watchmen and security guards. Women workers are the major sufferers among the Nepali migrant workers. Thousands and thousands of Nepali women in India have been smuggled and sold for prostitution or forcibly used in sex trade by criminal groups that the government and the social movement could not eliminate in spite of constant efforts.

On the other hand, the pains and sufferings of those who entered Singapore and Malaysia without work-permit are also horrifying. They have been put into jail and tortured in an inhumane manner. Many men power agencies had sent Nepali workers to Middle East countries without concrete agreement with concerned employer's or agencies in the destination countries, which is creating big problems to Nepali migrant workers. The case of Iraq is an example, where so-called foreign

employment agencies are responsible. In 1997, the Ministry of Labour/HMG had constituted a commission-"Commission for the Investigation of Irregularity in Foreign Employment" to unmask those agencies. Some of the exploitative agencies, leaving the Nepalese workers helpless in foreign territories after sucking the maximum amount, have also been tapped under government action, but still it is insufficient. At present, the Ministry of Labour & Transport Management is trying to regulate the foreign employment business and is trying to develop control mechanism.

### **GEFONT and the Migrant Workers**

GEFONT, in its second national congress in 1996, had adopted an important document covering the outlook, concept and position of GEFONT on National Labour Policy. In this document, the issue of foreign employment and migrant workers is analyzed.

GEFONT is of view that uninterrupted flow of capital from the developed countries can be balanced through the labour-export of the developing ones. The scope of traditional foreign employment in military service is, now, very little and declining, but the attraction towards foreign employment is increasing day by day due to lack of gainful employment within the country. However, as mentioned above, there is neither diplomatic protection for them, nor easy and secured remittance of their earnings to Nepal. Thus, for their protection and rights, GEFONT has been working through its migrant section and has now launched a separate Migrant Desk this year. GEFONT Support groups were early established in HK, South Korea, Japan, India and some of the Gulf countries. Now further efforts are being launched to establish such support groups in all possible countries where Nepali migrant workers are working. Also GEFONT-Migrant Desk is doing case counselling, preparing for pre-departure and awareness programs, news and data collection and policy issue for safe job. GEFONT, has also made a provision that representatives from the support group of each country can participate in its National congress. Although we are active for the protection of their interests, we feel that they have to be trained and be given orientation in some issues and that the government should be warned in some policy issues.

### **Life of Returnee Migrant Workers in Nepal**

All the dream of migrant workers may not change into reality. The life of ex-migrant worker in Nepal after return from abroad is both sweet and

sour. Positive and Negative reflection can be found in their life. Some of the returnees have been involved in different professions based on their gained skill from their migrant life. Some as tourist guide for particular language and restaurant owner of different continental food make their life easy and happy. On the other hand, some of them are very confused. Whatever knowledge and skill they gained abroad are not practical in Nepali context and it is very hard to find out the same technology in Nepal. The business environment is not favourable for investment and it is hard to make a decision to invest all their earning in particular business. Ex-migrant workers do not feel comfortable even to work in Nepal after their return because the earning in Nepal in comparison is nothing and it is also very hard to find any job in Nepal. Most returnees are unemployed. Only 10% are able to get different job and remaining are trying to go aboard for better work again. Government itself has no Reintegration Plan and present poor economic condition is forcing to move abroad again.

The story of women returnees is different. Because of the dominating patriarchy in the society, women are looked at negatively. Socially, the life of women is more complicated than men.

## **Conclusion**

As we know, we South Asian countries are mostly sending country of labour and human resource to Developed and Developing countries. We are facing similar condition of foreign employment and migration towards neighbourhood country. Therefore joint or common strategy for protection of South Asian Migrant workers while working outside South Asia is necessary. Efforts of different stakeholders, organizations and institutions in different level both national & international is essential for better life of migrant workers and returnee migrant workers. Migration within the subregion of South Asia is also to be regularised and exploitations have to be minimised. A joint effort is necessary to support and to solve the problems of South Asian workers.

For the protection of South Asian migrant workers there should be understanding, sharing, networking and flow of information between the trade unions, labour supportive organizations, civil society organizations and other stakeholders in each of the countries Efforts and lobbying should be expanded at SAARC diplomatic level. Every government should have a clear policy on the investment of remittance. Ex-migrant workers should be motivated for investment and the government should

provide different investment schemes. Learning from the miserable life of the ex-migrant workers, government should make people aware about the migration and should strictly control human smuggling.

Trade union has to organize migrant workers in inside and outside the country. They should have a good network with different trade union in different countries and should work together for protection of rights of migrant workers. Different NGOs and INGOs working in migrant area can be the other partner organizations for trade union centres. In addition, awareness campaign in different level within the society can be a good tool for gradually attitudinal change of the society. Any efforts from any organization or individual towards the welfare and protection of migrant rights should be encouraged.

*(GEFONT-Note prepared by Umesh Upadhyaya)*



# Occupational Safety and Health





## **Occupational Health, Safety and Environment in the Construction Sector**

*by Umesh Upadhyaya*

### **Existing Scenario in general**

Safe work and workplace for increased production and higher productivity is necessary and hence promotion and protection of safe work and workplace is the complementary aspect of industrial development

However, Industrial occupations may create unsafe work and work environment because of the inherent sources of hazard present in their material, process, technologies or products. These sources of hazards may pose the risk of accidents and disease to the people within the industrial premises and the general public in the vicinity and the environment.

The ILO estimates approximately 250 million workers meet occupational accidents and 160 million people suffering from occupational diseases each year. Approximately 1.1 million people die of occupational accidents and diseases each year. Invisible is the physical and economic loss to the society and the nation in broad. Risks of accidents and diseases are higher in all kinds of production processes where men, machine and materials are involved.

OSH has not been a hot agenda in labour and industrial field in Nepal.

Because of the high illiteracy among the workers, the issue is not even taken seriously by the workers themselves. The total labour force of the nation if we divide into Industry, Services and Agriculture, we find 80.2 per cent engaged in agriculture and only 2.8 per cent in industry and 17 per cent in Services. Industrial and service sectors are new ones and hence the issues in the sectors have still not been given much importance.

There were some provisions related to OSH in the outdated Factory and Factory Workers Act 1959 just for the sake of inclusion and actually not for implementation. After 1990, when popular mass movement was successful to reinstate multiparty democracy in Nepal, New Labour Act 1992 came into existence by replacing the old FFW Act as demanded by the workers. This new Act has made many provisions on occupational safety and health. The implementation aspects rest on 10 Labour offices and a handful of factory inspectors. There is the provision of safety committee in enterprises, but in many cases, the committees are not formed and where committee is formed, it is not functioning.

Unfortunately, the provisions are not much effective in practice and still need a lot of awareness campaign. Our level of socio-economic realities has forced us to struggle hard for wages and some minimum benefits in order to solve hand to mouth problem. Thus, up to now, the OSH has not become a priority agenda for trade unions in our case.

However, the environmental deterioration has been becoming more and more serious. The problem of solid waste management and waste water treatment in urban areas, particularly the Kathmandu Metropolis, has made the city one of the most polluted cities of the region. NGOs and Human Right organizations have taken the issue of environment seriously. Government has also taken it seriously and developed a separate Ministry for Population and Environment. But achievements in this regard are almost negligible.

Factories have never taken care of the minimum OSH standards provisioned under the law. But weak labour administration and ineffective enforcement mechanism of the government have not shown any capability to control the situation. Use of safety measures is rare among the workers whether they are illiterate tea plantation workers, or educated workers of cement and chemical sectors. Negligence both from management and workers side is a common phenomenon in Nepal.

It is found that 20,000 working people being injured and 200 deaths every year because of occupational accidents within a formal sector industrial workforce of 0.4 millions and total workforce of 11.2 millions. Causes of accidents can be generally mentioned as:

- Unsafe working conditions
- Lack of supervision and training

- Use of old machinery and equipment
- Lack of sufficient maintenance
- Bad house-keeping practices
- Violation of safety rules
- Over crowded production units with very congested space

High risk for safety and health has been observed in:

- Working with machine and equipment
- Use of electricity
- Building and Construction works
- Use of chemicals in industries, various services and agriculture
- Dusty worksites
- Congested and dark workplaces

The available data-base shows the following picture in the formal sector of work in Nepal

**Table 1:** Factory Inspection and Accident Records: Basic Statistics

Particulars	Fiscal Year					
	052/53	053/54	054/55	055/56	056/57	057/58
No. of Establishments	4014	4195	4292	4284	4274	4296
No. of Employees	374,860	382,845	385,960	387,200	392,421	394,541
No. of Est. Inspected	908	938	1134	1263	1127	1309
Total Accidents Reported	42	37	39	42	55	37
▪ Death	5	2	21	7	15	6
▪ Serious	17	12	2	18	23	17
▪ Minor	20	23	16	17	17	14
Total Workdays Lost	345	191	190	632	613	282

Barriers for sound OSH condition in Nepali industries are:

- Lack of knowledge and awareness among workers
- Lack of awareness and commitment in employers and management
- Fear of change and of cost increase (Management)
- Poor consultation system
- Majority of untrained people both in management and labour
- No safety-friendly work culture (both workers & management)

- Lack of research and data-base on occupational diseases and health hazards

From 1994, the trade union confederations of Nepal, particularly GEFONT has taken the issue seriously and has started awareness campaign on OSH. We are still in the awareness phase, because the phase of awareness may become very long covering a decade or two. OSH has now become one of the component of Workers Education Program. It is to be noted that the Second and Third National Congress of GEFONT have given much emphasis to the issue of OSH basically on the following:

- Partnership with employers and government for training programs on OSH.
- Research for problem identification.
- Awareness program for safe and clean workplace and healthy life.
- Partnership with employers for sound workplace management.
- Pressurising for waste and sewage management.
- Joining hands with international Agencies and regional and sub regional organizations for works in cooperation on OSH
- Cooperation with genuine NGOs on the issue of OSH and environment.

From its Second National Congress, GEFONT has developed a separate committee - namely OSH Committee for handling the issue of Occupational Safety and Health. The committee is working under GEFONT Central Dept. of Labour Relations. On the issue of OSH, trainings have been received by the committee members from ILO, ILO Turin, DANIDA, IFBWW, ICEM, Society for Participatory Research In Asia (PRIA) and Central Labour Institute (CLI) India.

GEFONT itself has organized OSH high level training covering all 10 zones with the active participation of Zonal Chiefs and Collective bargaining experts of the union.

Basic OSH orientation training for Chemical Iron Federation leaders or conducting the survey on the industry was also organized.

Government has also been working on the issue through the Project named Occupational Safety and Health Project under Ministry of Labour

and Transport management. Some efforts have been initiated through National productivity and Economic Development Centre which is an organ of National Productivity council of Ministry of Industry. Now in cooperation with DANIDA, the Environment Sector Program Support Project has gained good momentum and OSH issues under the Project have gained more emphasis. Waste Water Treatment and Cleaner Production components are two of the major components of this Project. Three line Ministries – Ministry of Population and Environment, Ministry of Industry, Commerce and Supplies and Ministry of Labour and Transport Management – are involved in the project. All three Workers organization including GEFONT and employers' organization are also involved in the policy decision as well as implementation procedures. Also the training on OSH has been given high emphasis under ESPS

Recently in 2001, Government has developed a New organization in a tripartite form – Nepal Occupational Safety and Health Association

Cleaning service is also being expanded more and more. Because of gradual changes in the mentality and growing awareness through Human Right Organizations, NGOs and GEFONT from enterprise to confederation level. Management as well as the working community has now become more sensitive towards the issue. Recently GEFONT has developed GEFONT Cooperative Clinic, which aims to develop a technical group of OSH workers in near future to develop OSH as a significant Campaign in forthcoming days.

### **Situational review of construction industry in Nepal**

Since the general scenario in OSH and environment issues is not good nor improving fast, the level of safety awareness and prevention measures and sensitiveness towards accidents is considerably low in Nepali Construction industry.

The occupational hazards are in diversity and the process to minimize those is almost non-existent. It is not only because of the poor level of awareness of workers, but also because of negligence and low awareness of employers and managers. The construction project related high level technical manpower also seems negligent in this connection. Government has not given adequate weight to the issue of safety and occupational hazards and diseases in construction sector

## Construction Sector and Industrial Relation

In Nepali context, construction work itself and employment in construction sector is mostly under informal economy. So the actual formal enterprises from the viewpoint of labour legislation are quite few and in negligible number. Thus the number of workers engaged in the formal sector enterprises of construction industry is quite low. Overwhelming majority of construction workers falls under informal sector of employment. Among them unionized workforce is very small. Therefore, the present structure of collective bargaining practices covers a small proportion of workers.

Employers of construction sector mostly the contractors in Nepal are not working as an inherent component of the mainstream of employers' organizations like manufacturers and other related entrepreneurs. Therefore, the industrial relation between construction sector association of employers and construction sector trade unions is not long in the real sense. However, the disputes and cases in construction sector and accident related compensation deals are numerous under the activities of Construction sector affiliate of GEFONT – namely Central Union of Painters, Plumbers, Electro and Construction Workers of Nepal (CUPPEC-Nepal). The relation in some sort of formal manner is being developed.

## Way Ahead for Improvement

Majority of the occupational accidents and diseases can be controlled or minimized if appropriate measures are established for the promotion and protection of safety and health of the workers at workplace.

Though achieving a zero-accident situation may not become possible for construction industry, exemplary safety records can be achieved. Construction can be made better with healthy human resource, more efficient work, fewer fatalities and lower accident rates through:

- Developing training modules and Formal Training and orientation
- Formation and mobilization of safety committees in each workplace and enterprises
- Periodic Situational Survey, hazard analysis and Pre-project planning for safety
- Safety-incentive programs;

- Developing Health cooperatives for workers and provision of health insurance
- Minimum employee turnover;
- Involvement of top management in safety issues
- Sound industrial relation
- Sincere implementation of collective bargaining agreements
- Sound inspection system from labour administration

Top management should review safety reports, visit worksites and join safety meetings. Safety culture has to be developed through collective tripartite efforts.

*(Presented in a seminar organized by OSHE Institute; January 2002)*

## All for One and One for All Campaign

*by Bishnu Rimal*

Health is Wealth, it is equally important to all. However, it is still 'sour grapes' for those who have to solve hand to mouth problems from the labour they sell everyday. The daily earning of the Nepali working class is less than sufficient for their needs. Mere political slogans cannot solve these problems, nor can a prosperous life be achieved without launching a series of creative schemes.

GEFONT's vision statement is **Socialism for Dignified Working Class & Prosperous Life**. In order to translate socialism in our Daily life, Co-operative, however, is what GEFONT views as one of the means to practice Socialism in our social life. Thus, as part of this movement GEFONT launched a Health Co-operative Clinic as one of the first steps of practicing Socialism.

Here one can easily question, as there are numbers of hospitals and private clinics in Kathmandu; what is the relevancy of this clinic then? The reasons given are-

- Public health condition of working masses is deteriorating
- Health service is too expensive and mostly privatised and is being more and more commercialised.
- Health service is being gradually monopolised and has almost become a non-bargaining business
- Medicine is extremely expensive and far from poor people's access
- There is dire need of Public Health Campaign
- There is a necessity increasing day by day of OSH Campaign

Based on these observations and such realities, Clinical service with pharmacy has been started since May 1, 2000.



### **Objectives of the Co-operative**

There are three main objectives of the Co-operative—

- To meet members necessity on health sector
- To change their mind-set and make them self-sustain, cooperative and economise
- To upgrade their socio-economic conditions

In order to fulfil such objectives, following plans have been set--

- To operate Health Co-operative Clinic at Man Mohan Labour Building
- To operate Pharmacy
- Establish networking with Kathmandu model Hospital for referral cases
- Launching Nation-wide Campaign on OSH
- To develop public health workers

### **Operation of the Co-operative**

There are 500+ individual shares equivalent to NRs. 100 per share distributed among the workers and their families. The GEFONT is also one of the shareholders. Being a confederation of different Trade Union Federations, the GEFONT has provided subsidy NRs. 50,000 (as its promotional share) to promote workers' cooperative. Thus, investment at the beginning is NRs. 100,000.

"Everybody should pay" is the key principle to run this workers cooperative Clinic. For this, all 500+ co-operative members are paying NRs. 1 every day. In addition, 10 per cent of the equivalent sum is being contributed by GEFONT as subsidy to cover clinical costs of GEFONT members. The clinic is open for all needy persons irrespective of co-operative members, GEFONT members or the general public.

The cost of the clinical service is around 40 - 50 per cent less for general public compared to other with private clinics. It means the Co-operative charges NRs. 60 to co-operative members, 70 to the GEFONT members and 75 to the general public as clinical fee. There is nominal charge for follow-up. There is a discount of 6 - 15 per cent in medicine from the pharmacy as well.

Based on the realities of Nepal's own reality, a policy of flexibility has been set and adopted. The Cooperative also provides service to families of its members. A member of family is defined as dependents. They may be parent, children or any other relatives depending on the Co-operative members. These dependents are to be listed earlier and included in the membership card. One of the dependent of member receives the same level of service as the Co-operative member. A system of **First come First Served** has been set. Those dependents getting sick earlier will receive the service for whole year. It is obvious that any one member of workers family can be the Co-operative member.

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### ITWAN- Investment in Health Sector: Brief Introduction

Independent Transport Workers' Association of Nepal (ITWAN) is providing various kinds of services to its members since its establishment in 1979. Members financial contribution and organizations various services are the basic feature of the ITWAN work. It has started welfare programmes when there were no insurance schemes in Vehicular accidents. In 1974, The Welfare Fund started providing assistance to the workers working public transport services whereas ITWAN forwarded its activities covering all workers in the transportation field. The contrast in the functioning between Welfare Fund and the ITWAN is Welfare Fund collects fees from central departure terminal point and provides services centrally; whereas ITWAN encourages members for direct investment and extends its services in decentralised way.

The ITWAN has different sectors of activities. It organises activities similarly like other trade unions from the membership dues, however it collects dues separately every day in order to provide assistance for health and safety and accidents. Obviously the ITWAN does not spend this special due for other area of activities.

The ITWAN collects such dues in 109 places throughout the country. Sagarmatha Zone is such place where there is only one point to collect such dues. Mechi-Mahakali and Janakpur Zones have 3,5 and 6 points respectively. Gandaki, Kosi and Narayani Zones have 11,13 and 14 such points respectively. Maximum number of such points exists in Lumbini and Bagmati Zone, where 32 and 25 dues collection points respectively are in operation.

The rate of dues varies depending on vehicle and distance it travels. For example in Gandaki Zone, for taxi and light vehicle it charges NRs. 1 per day. For long distance vehicles, which enter Pokhara it charges NRs. 15 per trip. This rate, however, is different in Bagmati Zone. Here in the Arniko Route Unit, the ITWAN local unit charges a maximum of NRs. 100 per trip. The average rate throughout the country is NRs. 10 per trip.

Some of the Zones collect such dues on a monthly basis. The monthly rate is not less than NRs. 50 per member. The ITWAN Narayani Zone charges dues to the vehicles entering from different parts of India as well.

In this process, ITWAN collects about NRs. 26,419 everyday. Monthly income thus comes to be about NRs. 792,440. The expenditure of the Union is also quite remarkable. There are several headings of expenses such as **Police custody allowances, medical allowances, assistance in death, accidental costs of the members, legal assistance expenditure** etc. Contingency cost is also provided by ITWAN, which includes token assistance to dismissed workers, hospital allowances, sickness benefits, passenger treatment cost, assistance to seriously injured and disabled cost etc.

The custody expenses for the members after the accident vary from place to place. This is NRs. 40-50 per day in Mechi Zone and in some places; practice of pocket money ranging NRs. 200 to 400 has been contributing to them. This assistance is NRs. 50 to NRs. 700 in Janakpur Zone. Narayani Zone provides NRs. 50 per day; whereas Bagmati Zone spends NRs. 100-150 per day. Likewise, this assistance is NRs. 100 in Mahakali Zone.

The rate of medical assistance also differs in various units of ITWAN. This is because of the difference in the income level. There is about NRs. 1500 for seriously injured persons in Mechi and all compensation is given for the disabled. In Kosi Zone, maximum of 5,000 is allocated in this heading. It varies in different district units in Narayani Zone. For example, in Parsa district the hospitalised person gets NRs. 50 per day, whereas in Chitawan, this amount does not exceed NRs. 1,000. The rest of the districts have a system of NRs. 500 in maximum extent.

There is a difference in the rate of expenses in Bagmati Zone. For example, the Dhulikhel Unit spends about NRs. 10,000 maximum, but the Jorpati unit share 50 per cent of the total costs incurred. Lumbini Zone provides cost of the treatment as per hospital bills. For minor treatment, it gives NRs. 300, for hospitalised cases, it gives NRs. 50 per day. In the fracture case, it varies as hand fracture NRs. 2,000; leg fracture and paralysis case NRs. 3,000. The unit also provides NRs. 1,000; NRs. 5000 for operation and psychiatric problem respectively. Among them, Arniko Bus Unit of Bagmati Zone has declared a new project. According to this project, the unit will grant a handsome amount of NRs. 50,000 for the senior drivers. The Condition is s/he must have had union membership for 12 years continuously, the age bar should cross 55 years and his/her driving licence of heavy vehicles has to be cancelled. It has provision of providing purse of NRs. 40,000 cash to those regular members turned into disable from the accident.

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### Activities carried out up to date

An experienced doctor is available everyday from 4-6 PM in GEFONT clinic. Primary treatment and other facilities are available here.

The cooperative has an agreement with Kathmandu Model Hospital for further medical treatments of referral cases having serious nature of sickness. The cooperative members and their dependents are exempted 20-50 per cent of cost depending on the medical service provided in the hospital. GEFONT has remarked this as the investment in the health of workers and their dependents. GEFONT is of the opinion that health is the most prioritised property and this has to be strengthened and secured.

In the period of October 12, 2000 to December 31, 2001, some 174 persons have been referred to Kathmandu Model Hospital for further treatment. The total cost incurring for the treatment of 174 persons was NRs. 246,664 and GEFONT shared cost of 61,666 from this amount. And same amount of cost (61,666) was shared by PHECT-Nepal— the partner of GEFONT Health Co-operative, as a token solidarity. This justifies that benefit is not always measured with money rather it can be experienced with service provided

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### Transport workers welfare fund (*Yatayat Mazdoor Bhalai Kosh*)

During the time of *Panchayati autocracy* all of the unions were banned. There was no mechanism of resolving workers problems at the National level.

But the transport-workers found out a new idea in 1974 '**providing assistance to workers from the pocket of those transport entrepreneurs who were exploiting them**'. They established the Transport Workers Welfare Fund with the main objective of providing assistance to transport workers during traffic accidents. This was registered in Lumbini Zonal office having Head Office in Butwal, Lumbini Zone. This fund carried-out the idea of "**No Drivers would be in Jail; no one under police custody and none of the transport workers be disabled or dead in the absence of treatment.**" This welfare fund is the popular platform of all transport workers. It has its own building and millions worth of property.

The leadership of the Fund is elected every 3 years. The role of members of Independent Transport Workers' Association of Nepal (ITWAN) in the election is decisive. ITWAN assumes the Welfare Fund as its fraternal wing. According to the Fund, all vehicles moving in Nepal should pay every time

whenever they depart from the station. Dues are based on the distance travelled and deposited in any of the local office of the Fund. Because of this, the Fund is responsible to pick-up the cases of accidents wherever it takes place.

The Fund has 14 local offices. The office in Hetaunda, for instance, looks after cases from Makwanpur District to the whole of Eastern Nepal. Bheri, Seti and Mahakali Zones fall under the area of Nepalgunj-Kohalpur office. Similarly, Bhalubang office picks up the cases of Rapti Zone, whereas Kusma office for Gandaki and Dhaulagiri Zones. The office in Lumbini looks after the cases took place up to Nautanua and Gorakhpur of India.

The Transport Workers Welfare Fund is basically concerned with traffic accidents related to casualty. However, it has provided different services to its members. As an example, the Fund provides annual medical assistance of NRs. 10,000 and lifetime monthly NRs. 1,000 for those workers who are physically disabled because of Vehicular accidents. In addition to this, the Fund also provides scholarship equivalent to 3,000 for 1 child from transport workers' family and bed allowances to the sick transport worker.

The Fund has strong regulations to check any kind of irregularities. Any vehicle under accident, if it has not deposited its trip-levy in the concerned local office, no claim for any assistance would be entertained. However, those drivers, conductors, or helpers contributing on a regular basis should not be worried of any expenditure relating to traffic accident. The Head Office of the Fund will cover all of the costs incurred. The Fund also takes over the medical cost of treatment of Passengers in the same basis as its members. In the Year 2000-01, 836 vehicles related to Fund faced accidents. The number of deaths, injuries and serious injuries numbered 537. 43 Cows, 39 Buffalos, 107 Goats, 11 pigs and 63 Bicycle/Rickshaw effected by the accidents. The Fund paid NRs. 14,931,259 as compensation.

### **Latest Activities: Launching of Health Micro Insurance Scheme**

Health Micro Insurance Scheme is the one step forward of GEFONT Health Cooperative Campaign. Beginning is from one of the Kamaiya prone districts- Banke of western Nepal; shortly it will be expanded to Bardia. After analysis of the impact and having both positive and negative experiences, the corrected proceed on will be directed towards other districts.

Based on ILO-STEP study of sickness, current status of treatment and level of health awareness, benefit package and rates of premium have been finalised. Rural Agricultural workers including Ex-kamaiyas from

five Village Development Committees and urban workers from Nepalgunj Municipality will be covered. In the beginning, the Scheme will cover 400 Agricultural workers' families and 100 Non-agricultural workers' families (such as rickshaw pullers and transport workers).

The rate of premium for Banke and Berdia district has been fixed as follows:

Family categories	Monthly Rate of Premium per family	
	Agricultural Workers & families	Non-Agricultural Workers & families
Family up to 5 members	20	40
Family up to 7 members	35	60
Family up to 10 members	50	90
Family above 10 members	60	120

Benefit package for the workers families has been finalised such as health check up and consultation, maternity, snake-bite, dog-bite, ordinary dental care, general medicine, surgical, minor and major operations and all pathological services including HIV test as well as x-rays etc. It is expected that all the expenses including 100 per cent of the costs will be covered by the Scheme.

For the purpose, GEFONT organised a Launching programme of Health Micro Insurance Scheme in Nepalgunj, Banke on March 2, 2004. Chaired by GEFONT Chairman Mukunda Neupane, various dignitaries and representatives from different organisations were present in the programme. Among the speakers were director of Bheri Zonal Hospital Dr. D. P. Pradhan, Sub-Regional Officer of ILO Marc Soucquet and Isméne Stalpers of ILO STEP. GEFONT Secretary General Bishnu Rimal delivered keynote speech and treasurer Binod Shrestha was the master of ceremony.

On the occasion, an agreement with health providers have been signed and the MOU was exchanged between GEFONT Chairperson Mukunda Neupane and the Chief of Primary Health Centre of *Bankatuwa* VDC Mr. Ramakant Chaudhary and Chief of Area Health Post of *Shamsbergunj* VDC Mr. Bal K. Chaudhary; whereas MOU exchange is due with expected secondary and tertiary care provider local Hospital.

It is to be noted that the scheme will support 10 per cent and 50 per cent of the costs respectively in the purchase of medicines and in the use of

ambulance as well in addition to 100 per cent support of costs of other specified services.

Considering the intensifying crisis, displacement, increasing unemployment and slackening economic activities in the country, issue of livelihood and social protection have gradually become the most relevant issues in our national life. As a part of most urgent social protection measure, health micro insurance is expected to play a vital role for working population. And hence, the success of this scheme of GEFONT is being watched from other actors also with keen interest. If GEFONT becomes successful in this scheme in Banke, expansion of the scheme will take place with new energy and enthusiasm and it will benefit thousands and thousands of working class families all over the nation.

*(Published in Workers News 33 August 2002)*



9

Miscellaneous



## Trade Union Position on Indigenous People in Nepal

By *Umesh Upadhyaya*

### Indigenous people in Policy frame

The major trade union confederations of the country cover most of the segments of workers in Nepali society. Peoples in various sub classes of the Nepali working class, peoples from most of the caste/ethnic groups, people from various regional origins are under organizational framework of the unions. As the focus of the new organizational activities is being centred on informal sector, both wage employed and self-employed groups of worker come under the process of unionization, where inclusion of indigenous people should be given emphasis by the union movement.

### Who are indigenous people in Nepali context?

Formal efforts from the state to define indigenous & ethnic people are not yet concretely done in Nepal and non government efforts are also based on particular prejudices.

Based on practices, those who do have following characteristic features can be categorized as indigenous people/Adivashis:

- Outside of Hindu Caste Hierarchy
- Land based
- Unique cultural identity or typical culture
- Special indigenous skill & Product
- Own language or dialect
- Concentration in a particular locality

In February 2001, HMG/N passed the 'National Foundation for Development of Indigenous Nationalities Act - 2058' under the Ministry of Local Development. The Act formally recognises 59 different groups as indigenous peoples/nationalities, who are therefore entitled to special development assistance directed towards these groups. There is a chapter on Indigenous peoples in the 10th 5 year plan and also some references

to their specific problems in the PRSP. According to the census figures over 1/3 of the population are from ethnic groups.

In our view, Indigenous people may be classified into four location-based categories:

Location-based categories	Groups
Terai	Satar, Rajbanshi, Meche, Koche, Jhangad, Kisan, Gangai, Dhimal, Tharu, Mushar, Kewat, Dusadh, Khatwe, Tajpuria
Inner Terai	Bote, Danuwar, Darai, Kumal, Majhi, Raji, Raute
Hill	Chepang, Tamang, Magar, Gurung, Rai, Limbu, Sunwar, Jirel, Newar, Bhujel, Chhantyal, Dura, Hayu, Kusunda, Pahari,
Mountain	Bhote, Sherpa, Thakali, Byashi, Walung

### Issues of workers from the indigenous origin

The issue of indigenous workers should be considered primarily as a class issue and secondly as the issue of discrimination based on gender, caste/ethnicity and region/location, which come on the surface as given below:

Political	<ul style="list-style-type: none"> <li>• Human Right, labour right and dignity</li> <li>• Land Right and Ownership on land &amp; natural resources</li> </ul>
Economic	<ul style="list-style-type: none"> <li>• Modern citizen rights &amp; consumer rights</li> <li>• Poverty and deteriorating living conditions</li> <li>• Exploitative working conditions</li> <li>• Unemployment and disguised unemployment</li> <li>• Minimum wages</li> <li>• Social Protection &amp; health protection</li> </ul>
Socio-cultural	<ul style="list-style-type: none"> <li>• Social &amp; cultural identity</li> <li>• Educational opportunities</li> </ul>
Others	<ul style="list-style-type: none"> <li>• Displacement &amp; migration</li> <li>• Socio-economic development</li> </ul>

These issues have overall impact on work relationship being faced by Adivashis and access to work on their part is highly influenced.

## How to integrate the issues in mainstream of labour issues

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Basic	<ul style="list-style-type: none"> <li>• Unionization &amp; organization</li> <li>• Policy-sensitization of trade union leadership</li> <li>• Workers education &amp; awareness creation</li> <li>• Education opportunities</li> <li>• Market access</li> <li>• Regular consultation &amp; interaction</li> <li>• Representation in political, economic, developmental and other concerning bodies</li> </ul>
Necessary	<ul style="list-style-type: none"> <li>• Leadership development</li> <li>• Gender sensitive approach</li> <li>• Ensuring Participation in decision-making process &amp; structures</li> <li>• Labour inspection services in their favour</li> <li>• Resource mobilization for focused programmes</li> <li>• Policy lobbying</li> </ul>
Additional	<ul style="list-style-type: none"> <li>• Cross border contacts</li> <li>• Campaigning &amp; lobbying to influence political forums and political parties</li> <li>• Deal with issue of displacement through planned relocation &amp; resettlement activities</li> <li>• Ensure no attack on their economic self-reliance &amp; protection mechanism</li> </ul>

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### Go ahead with what type of organization/collaboration

- Trade unions in rural grassroots based on nature of the work
- Organizing in other relevant CBOs, POs, MOs & Co-ops
- Promoting their own socio-cultural forums
- Creating appropriate networking mechanism for collaboration

### Priority areas of activities

- Unionizing/organizing
- Right-based awareness building
- Wages, Market Access & Income generation
- Social protection

*(Trade Union Position paper prepared in connection with ILO Convention 169, December 2004)*

## Workers in the Textile and Garment sector in Nepal

### General Condition of the industry

Textile industry is one of the oldest industries in Nepal established in the eve of World War II. But informally, textile industry was in existence from the time immemorial in the form of family based cottage industry, the clothes produced are still called *gharbuna*. Organized form of textile industry has become a sick industry with almost no possibility of revival because of easy & heavy import of textile from neighbourhood countries – India and China. Textile industry of the country has become extremely sick also because of the direct import of readymade garments at very cheap prices. It has become sick also because of no improvement in the quality of production. Fourthly, the government policy has been defective. Government even could not operate and ultimately decided in the year 2000 to close the only one Public Enterprise of textile sector – the Hetauda Textile Industries.

On the other hand garment industry is a newer one. The history of garment industry in Nepal starts basically from 1985. Its growth have been very fast and it has become the second largest item of export in Nepal after the woollen carpet as the first item of export with viewpoint of foreign exchange earning in Nepal.

### Activities of GEFONT-ITGWUN

Union movement in textile industry has become weak because of the closures of the enterprises, but comparatively it is strong in Garment sector. ITGWUN has been the single organization in garment sector established from 1986 in underground existence. After 1990, when union movement became free as a result of restoration of democracy in the country, ITGWUN developed very fast. After 2,000 its growth has become static. Looking at the last one year, following activities have been carried out by the union:

- Organizing activities covering 10 districts of garment & textile production where 78 enterprises out of a total currently producing 140 have been covered. Large numbers of enterprises have been closed - most of the textile factories and many garment factories.
- Education work on Basic trade Union course developed by GEFONT
- Use of study circle Method for leadership development and Awareness
- Union Management training to the selected leaders of district level
- OSH Training in district level and 9 big enterprises
- Handling of 174 cases of disputes within 16 months including 2002 and 4 months of 2003
- Ideological campaign against the intervention of Maoist terrorism in enterprises
- 10 Gatherings of women workers 25 women in each to empower them against discrimination and harassment
- District level conference of the union – 3
- Enterprise level conference of the union - 10

### **Fundamental rights at work**

The garment sector is an industry, which has very small permanent workforce. Mostly it uses workers in Piece rates and has started to convert workers into home-based workers recently. On the other hand, the vast majority of workforce is female workforce and from the very beginning, garment industry has been feminized. The ratio of female & male in the total workforce is 60: 40. Even in the 40 of the male workforce, proportion of foreign migrant workforce is significant. Therefore, fundamental rights at work have been frequently violated and cases of disputes are too many in our fold. Last year in 2002, ITGWUN handled 174 cases

### **Gender Issues at workplace**

Basically in the garment sector, gender issues are very much important, which can be mentioned as follows:

- Harassment including sexual harassment
- Low paid
- Heavy discrimination in skill upgrading opportunities

- Issue of paid leave
- Absence of child care centre in most of the enterprises
- Issue of maternity protection

### **Key Events in past five year having impact on textile & garment sector in Nepal**

- Threat to quota system in exports of ready-made garments
- Issue of Multi Fibre Agreement
- WTO created adversities
- Totally Declined competitiveness in textile production because of easy imports of textile from India and China
- Highly increased pattern of Piece rate, subcontracting of work and home based nature of employment
- More violation of labour law in garment sector
- Frequent Violation of Collective Bargaining Agreements
- Lack of good governance and political instability

### **Possible future trends in T-G Sector in Nepal**

- Textile industry may not survive
- Extreme difficulties in market access for garment industry
- Heavy pressure on Labour cost by the employers as the easy way out
- Promotion to women workers and home-based work
- Chasing out the large number of workers from factory premises
- More reduction in the permanent workforce in the formal sector of employment

### **Major challenges to T-G sector workers in Nepal**

- Implementation of labour laws
- Social protection
- Health & safety
- Anti union policies of employers and management
- Problem of protection of cadres & increasing Deunionization
- Workers Education and Militancy
- Financial problems
- Code of Conduct

**Sub Regional, Regional and Global Agenda for workers in T-G Sector**

- Exchange of views, ideas and solidarity
- Exchange of delegation and participation in conferences of each other
- Organizing Seminar on various issues
- Lobbying at various levels using all possible forums
- Collective action against MNCs
- National Activities based on Global campaigns
- Special campaigns in sub regional issues
- Case studies and publications

*(Presented in World Solidarity Forum for garment Workers in LDCs, in 2003, Bangladesh; prepared by Umesb Upadhyaya)*

## Decent Work in Agriculture

*By Umesh Upadhyaya*

Out of the 440 million wage-employed workers in agriculture worldwide, 2 millions are the ingredients from Nepali agriculture. This two million includes both market agriculture labour force and fully informal agro labour force. But overwhelming majority of them is in casual & irregular employment. Almost 300,000 agricultural workers are in long-term labour relation and approximately 1.7 millions are in casual labour relation. Of the workers under long-term labour relation, debt bondage is estimated to cover 50 % of the labour force. Even under casual relation, there are various forms of bondage scattered here and there.

### Problems of Nepalese agriculture

- Small portion of arable land is available because of difficult topography as mountains & hills cover 83 % of the total land area
- Productivity of both Land and labour is too low and hence per hectare yield is very low
- Inputs and subsidies from the state are insufficient and being curtailed
- Irrigation facility is limited to 1/4<sup>th</sup> of the land under cultivation and not useful for all season
- Technical know-how of the farmers and peasants is poor and still 'ox & plough' technology is massively used
- Subsistence farming is the basic nature of Nepali agriculture and marketing aspect is poor. Hence the role and margin of middlemen is vital to the extent of heavy exploitation of small & middle farmers and peasants
- Very backward condition of basic infrastructure of Transportation and communication-information in majority part of the country has created pocket economies
- Mechanization and modernization of agriculture is still far off



- Backward socio-economic conditions of the majority of population is a hurdle in the development of agriculture
- Country has drastically changed into food grain importing country from a status of food grain exporting country

Major Problems being faced by self employed and wage dependent workers in agriculture

- Insufficient and non-implemented Minimum wages
- Hurdles in getting fair prices & market access
- Traditional and present status of social protection: Too weak to protect
- Majority under food insecurity position
- poverty related problems and ineffective programmes of poverty reduction

### **Social exclusion**

Social exclusion is to the maximum based on caste ethnicity, level of income, landlessness, widowhood, disability and chronic diseases.

### **Issue of social transformation**

Issue of social transformation of Nepali society is dependent on Awareness & attitudinal change in the agricultural workers community. Unionization of wagedworkers & self-employed workers is the prerequisite for change in the society. Unionization assisted by other types of organizational structures like cooperatives, mothers groups, peasant association, and youth organizations can create a series of other interventions covering right, welfare and self-reliance.

### **Forced labour & discrimination**

Forced labour and discrimination is concentrated mostly in agriculture in Nepal. Debt bondage is the major form and other forms of bondage based on backward socio-cultural values and acute poverty are in existence

Discrimination based on caste/ethnicity and so-called untouchability in addition to Gender discrimination is a common phenomenon. Age-based discrimination against child workers is considerable

### **Exploitation of women workers and child labour**

Particularly in rural agricultural sector if the male worker is bonded or is in long term contract, women and children from his families are exploited in a condition of Long hours of work without any additional payment They are often used as attached labour providing just one meal without any payment of wages in cash or kind. male children are generally used as cattle-herders and female children as domestic workers

### **Sustainable development through agriculture**

As  $\frac{3}{4}$  of population and workforce is dependent on farm & farm related agro-occupations, sustainable development of Nepal is not possible without full progress and improvement in agriculture

### **Issue of OSH in Agriculture**

- Related to pesticides
- Related to animal hazards

### **The vulnerable groups of agricultural workers in Nepal**

- Dalits
- Mushars
- Tharus
- Kamaiyas
- Women workers
- Children as rural domestic workers and cattle-herders

### **Experiences of:**

#### Organizing

- In modern farms, like Tarahara farm public sector and Amdubba farm of private sector
- Scattered individual workers working for the landlords, rich farmers and medium farmers
- Bonded workers of various forms like kamaiyas
- Off-farm varieties of works

#### Mass awareness and trade union education

- Mass meetings
- Door to door campaigns

- Trade Union education for committee networks
- Operation of Study Circle groups

#### Mass mobilization & movement

- Kamaiya liberation movement
- Minimum wage movement

#### Services to the masses

- Health camps
- Non Formal Education to the children
- Formal education support to the children
- Adult literacy classes
- Income generating activities through micro groupings

#### **What ILO can do**

Basically ILO can focus its attention and action on following broad areas in order to create conducive environment for decent work in agriculture:

- Research, Publication and highlighting of major issues of agricultural workers
- Lobbying for ratification of Forced labour convention & other relevant convention concerning agricultural workers and for adequate amendment-enforcement of national legislation
- Capacity building of workers organization in agricultural sector
- Promotion to unionization, workers education and cooperatives
- Strengthening unions in minimum wage campaign
- Lobbying with government and promotion to organizations for social protection system for the labour force in agriculture
- Promotion to micro finance activities and institutions in favour of agricultural workers
- Mobilization of NGOs/INGOs/UN Agencies and other social organizations on the issue of agricultural workers

**Towards Decent Employment in Agriculture: A Practical Policy Matrix**

<b>Issues</b>	<b>Existing Condition</b>	<b>Way out for decent employment</b>
<p>Work &amp; Employment</p>	<p>¾th of the total workforce engaged in agriculture                      Heavy landlessness of the farm population                      Poverty concentration on rural farm population                      Heavy irregularity &amp; excessiveness in working hours                      Seasonal nature of employment and disguised unemployment                      Exploitative practices through the use of child labour                      Fast increasing feminization of workforce                      Out-migration for farm work abroad mainly in India</p>	<p>Overall land reform with full political commitment                      Productivity movement in combination with farsighted land use policy                      Poverty reduction programmes to push farm workforce towards off-farm &amp; non farm income generating activities                      Fixing &amp; enforcement of the work hours                      Strict abolition of child labour from agriculture</p>
<p>Rights, Bondage &amp; Forced labour</p>	<p>Poor unionization – recently started from 1995,                      From 1999 Amendment in Trade union Act provided the freedom of Association                      Discriminatory practices                      Constitutional provision and strong commitment against bondage slavery &amp; serfdom                      Various forms of bondage including debt bondage                      Ratification of Forced Labour Convention No. 29                      Enactment of Bonded kamaiya system prohibition Act                      Collective bargaining almost non existent, weak individual bargaining reflecting the acceptance of terms &amp; conditions as imposed by the employer</p>	<p>Effective enforcement of Laws against forced labour, compulsory labour &amp; bondage including debt bondage                      Unionization and promotion from every actor for unionization                      Social campaign against caste-based and gender-based discrimination                      Special programme for the protection of dalit caste workers                      Massive movement through Right based workers education programme</p>

Issues	Existing Condition	Way out for decent employment
Minimum wage	<p>Extreme diversity in wages</p> <p>Gender and caste-ethnicity based discrimination in wages</p> <p>A minimum wage of Rs. 60 per day (US\$ 0.8) declared but not in proper implementation</p> <p>Because of the poor wage incomes, agri-labourers are the Poorest segment of workers</p>	<p>Narrowing the diversity gap of agricultural wages through upgrading the bottom level wages</p> <p>Review of minimum wages every year just before the main season</p> <p>Wage indexation</p> <p>Strict enforcement of overtime payment</p>
Social protection	<p>No social protection from formal structure</p> <p>Weakening protection of traditional nature based on family, caste, ethnicity, locality and other groupings of society</p>	<p>Minimum Social Protection system at least on health issue making the local Village Development Committees as the focal point</p> <p>Registration of Rural &amp; agricultural workers in Village Development Committees and Municipalities</p> <p>Promotional &amp; motivational activities from State, trade Unions, NGOs and International agencies</p>
Social Dialogue & Representation	<p>No representation as agricultural workers and Agro-TUs</p> <p>The only consultation had been during the first declaration of minimum wages in agriculture in January 2000</p> <p>Feudal mentality of landlords &amp; farmers discouraging the development of social dialogue</p>	<p>Ensuring participation of trade unions of rural &amp; agricultural and informal sector workers in local level decision making process</p> <p>Establishment of Permanent wage board</p> <p>Attitudinal change in employers from feudal mentality to humanitarian mentality</p>

*(Presented in ILO Symposium on Decent Work in Agriculture August 16-20, 2003, Geneva)*

## GEFONT on Food Sovereignty

*By Umesh Upadhyaya*

### **Globalization and Nepali society**

Globalization as such is not a terminology that should worry the working class and the people in peasantry both in urban and rural structures of society. With the development of human civilization and with technological advancement, globalization of mankind is necessary and inevitable. In fact, the process of globalization is in continuation from the past hundreds and hundreds years. But the present nature of globalization, which is based on an uninterrupted flow of capital and restricted labour mobility, has caused an incomparable degree of imbalances and disharmony in the society. A fast process of class transition is also going on in our society, as in other parts of the least developed world. Globalisation of the day has, appallingly, resulted in unequal changes with the widening gap between the rich and poor.

The present day globalization led by the International Monetary Fund, the World Bank and the World Trade Organization is in favour of the Multi National Corporations (MNCs) and Giant Business Houses of the developed world. With WTO in action, particularly in agriculture, the issue of food security and food sovereignty has become highly relevant.

Now, MNCs have been intensifying their profiteering activities in agriculture, forestry and other natural resources. As such, their adverse effects have been flowing towards rural life and indigenous life of the people. The trend of consumerism is expanding fast in all classes of people, even in stagnant rural society. If the long-frozen stagnation, now coupled with globalisation dictated consumerism, is to break, it will create disasters in our rural society and entire national life as there is no productivity; unionisation-organization and equitable system of distribution which may otherwise help check frustrated expressions.

Land is the major form of asset in our national socio-economic life. Without an effective programme of land reform to back-up the changes in consumption patterns and consumerism with productivity improvements and just distribution, the explosion from the stagnation will not at all be positive.

Restructuring of our rural society is therefore a major agenda in our socio-economic development strategy. Hence the intervention of MNCs in rural agricultural life has to be taken seriously by the nation and responsible organizations.

### **Poverty and landlessness**

The number of landless families in Nepal is very high, approximating one million out of a total number of families estimated to be 5 millions. Poverty is very high. Even official statistics indicate the number of people below poverty line to be 38 percent of the total population. This phenomenon clearly signifies that 'hand to mouth' has been our basic problem. The single objective of our ninth five-year plan was poverty alleviation. At present, the planning process for the formulation of 10<sup>th</sup> plan is going on through a series of consultations and discussions with the single objective of poverty reduction in the name of Poverty Reduction Strategy Paper (PRSP).

On the other hand, a high majority of Nepali population is dependent on agriculture. Approximately 80 percent of the workforce in Nepal is engaged in farming and related occupation whereas the workforce is only 3 percent in manufacturing and 17 percent in services. Agriculture covers almost 39 percent of GDP also. But unfortunately, Nepal is facing food deficit. Increasing cash crop tilt (like tea plantation), very limited amount of arable land, subsistence nature of agriculture, poor irrigation access and absentee ownership are some of the causes of low land and labour productivity in agriculture. Increasingly, the hectare coverage of land under food crop production is diminishing. Therefore, the adjustment between demand for and supply of food grains through domestic production has become difficult. As a result, import of food grains and other processed food items that started mainly from 1980s is routine. To sum up, the issue of food security and food sovereignty are of a high significance for us.

### **What we think**

Within these circumstances, as a landlocked country, we need to fight the adversities created by globalization and WTO within the same structure of globalization and WTO. Lip service opposition in isolation cannot solve the problem of food sovereignty. National resistance movement is necessary, with sub-regional and regional alliances against the adversities. There should also be initiative in favour of creating secured food environment for the people. The collaboration of trade union movement with peasant and women movements, NGOs, people's organizations, mass organizations and partnerships with like-minded and friendly political parties is necessary.

In the name of TRIPs and trade in agriculture, the traditional ownership rights of the people to technology and crops cannot be violated and destroyed. For this, the governments should be persuaded by the people's unified movement to fight the adversities unitedly within the WTO structure. A concerted movement of agricultural workers, in collaboration with every category of workers and national trade union centres, is necessary. And GEFONT is committed towards this kind of concerted movement from the very beginning, basically from 1995. GEFONT has been continuously lobbying and interacting with other actors, singly as well as in collaboration with others, in favour of working masses. GEFONT is of the view that this initiative should be extended towards the development of alliances in sub regional and regional levels to fight against growing inequalities of income and wealth, multinational exploitations and attacks on the social, economic and cultural rights of the working people.

*(GEFONT Notes for NGO/CSO Forum on Food Sovereignty;  
June 08-13, 2002, Rome, Italy)*



## **GEFONT Manifesto May Day-2002**

Today entire working masses are celebrating May 1st movement throughout the world. This movement has established a principal since 116 years, initiated by the workers of Chicago, popularly known as "Demands of Three 8". Production-Entertainment-Rest the three vital elements necessary to human being has been addressed through this slogan. We on behalf of Nepali working class would like to salute the movement from the country of Mt. Everest. On the occasion, we would like to extend our hearty best wishes to entire toiling population. The General Federation of Nepalese Trade Unions (GEFONT) pays tribute to all of the martyrs who laid their valuable life for the betterment of working masses.

We would like to extend sincere gratitude to the Guests of Honour- the dignitaries who have consented to be with us today amidst yours hefty schedule. Your solidarity has encouraged us and has added more strength towards our unified goals. On behalf of Nepali working class, the GEFONT and 113th May Day Celebration Committee as well, I here by would to extend hearty welcome you, all of the guests, entrepreneurs and employers, media persons and the friends and comrades.

The history of May Day has engraved with flesh and blood of martyrs; and inflamed by their immortal sacrifices. Indeed, their sacrifices have been inspiring all hardworking humankind from North to South or East to West of the globe. This is replicating continuously and will continue generation to generation.

The bloodshed of Chicago has been proven as our proud and Ideal. However, presently ongoing bloodshed in our country is destroying our hope and has caused us to bend our heads.

Large numbers of workers have been victimised in previous year. In the name of "liberation" around 5 dozen schoolteachers like Dalit Gupta Bahadur B.K. who were involved in spreading up of the light of education in various remote villages were brutally assassinated in inhuman manner. With extreme cruelty many have been put in such a suffering where they felt no difference between life and death. In March of this year innocent passengers with in the bus were brunt alive, but the poor driver was helpless at the moment. In early April, Mahendra Shrestha- a transport worker driving a night coach has been shot dead with no reason at all. Moreover, extreme damage to the development infrastructure has created more hardship to the working masses in addition to the continuous loss of life.

The year 2058 B.S [2001AD] witnessed extreme hardship. Moreover, labour market turned into chaos by the anarchy of extremist forces from the beginning of the year. In such a society where trade union movement is understood as strike-protest-picketing only, the activity of some employers ignoring the legitimate mechanism and obeying the underground directives has badly shocked the established mechanism of social dialogue developed after the hard endeavour of the decade.

It was not the end against unionism. Lock-outs, retrenchment, fire from the job, Lay-off, Pay-off, closure and compulsory leaves created a situation of more and more loss of employment to the workers. Facts indicate- 10,142 workers lost their jobs only from 33 garment, 4 textile and 2 Pashmina Factories during the previous year. If we take an example of only 4 hotels, the number of workers put to lay-off exceeds 1,000 and more than 3,000 workers have been found compelled to go for compulsory leave. Large numbers of workers forced to compromise with deduction in facilities been enjoyed during the previous years. In addition, the numbers of the workers under displacement is considerably large in comparison to the previous years in manufacturing, construction and carpet industries.

These challenges urged for integrated efforts of the nation. The solution was to be found out through the interaction among social partners. But the labour side has been victimised by the state instead of sympathy, security and protection. The Essential Services Act-1956 has been continued as being imposed in 11 services including transport and tourism. Undemocratic measures were continuously adopted to suppress

workers discontent instead of digging out solution through social dialogue.

The series of attack Against Freedom of Association have been pulled on and on. There was no effort to understand the reality that the unionisation and mobilisation of workers in agriculture, production and services would give high productive results. Moreover, service oriented public sector has been restricted on union involvement of workers by dividing and putting a bar of official ranks between workers and workers against spirit of Labour Laws. The policy of 'Single Employees Association' has been declared in civil service, and now the net is being knitted in order to design-"Civil Service with no existence of Union". In addition, the political rights of schoolteachers have been denied though the Education Regulation. In the present contest of expel of civil rights under the State of Emergency, we have witnessed some events, even some of the employers have tried to mis-utilise the provision against workers in the concerned enterprises.

Here in the occasion of May 1st Celebration, let me extract the statement of President of FNCCI recently delivered in the inaugural session of the Commercial Day-"Labour Market should be made more flexible if we need creation of more and more employment opportunities in the economy, I would like to request our trade union colleagues for social dialogue and co-operation." Now the question comes- what are the expected co-operation by Business Community from the union movement? What is 'flexibility and rigidity' in our contest? What are the employer's concrete agendas?

The experience of the past year indicates that the Employers' agendas are neither systematic nor reflecting national interest. We feel the demands of the employers on labour law amendment and formulation of national policies are intermingled with their own small caucus concerning their own individual commodity and enterprises.

We are sorry to say that even the renowned and full of intellect entrepreneurs are not fully aware of the existing labour laws. For instance; one of the appointed MP with PhD Degree from USA and renowned industrialist of the country expressed in Upper House of Parliament on 3rd of April, 2002 during his 'Statement on Public Concern'- "We should remove the "wrong provision" of compulsory affiliation with political Parties for registration of unions and the union

registration with out any political party affiliation should be made possible." According to provision of Trade Union Act-1992, the local registrar should register a union if it fulfils the condition of 25% membership of total workers in the concerned enterprises, where more than 10 workers are in employment. In such unions in enterprise level only those citizens can be elected as office bearers of the unions who are involved continuously for 1 year. In such a clear legal framework where our honourable Member of Parliament has visualised the "wrong provision" of political party affiliation?

Here we have the counter-arguments on the arguments of business world that unions are over politicised. Why the label of party-politicisation is being imposed on the labour issues raised by the unions? Instead of creative dialogue with the concerned union during the labour dispute in the enterprise, why politics is being blurred and mixed by knocking the doors of political parties on the basis of individual beliefs of leaders and members of the union? Let us rethink over it, who did the exercise of moving door-to-door of political parties to divert the movement to odd corner instead of having positive dialogue with union representatives during the 10% service charge movement covering all hotel workers of diverse ideology among us? Is not this example sufficient with regards to the employer's behaviours? Let us put a humble question-how long we will continue such an unfair-culture? Does not the expression in the written statement of an Industrialist-MP exhibit poor awareness of Nepali employers?

It is also relevant in this context to discuss about the blames on workers and unions. One of the blame is that workers are not productive. We simply counter it- why the agricultural workers of Nepal have been accepted as most productive in neighbouring states of India? Why do they get wage 4-fold higher than in Nepali labour market? Why the 'unskilled non-working' thousands and thousands of Nepali youths have been considered as 'diamond piece' in Gulf countries? Why the unemployed crowd of Nepal have been preferred in Malaysia and South-East Asia in comparison to workers of other South Asian countries? Why those Nepali have not been considered capable to construct Karnali Bridge who have constructed the Ching-ma Bridge of Hong Kong? Why do the young unemployed excluded from Nepali electronics world are successful to get high-yielding employment in 'Silicon Valley'? We must re-examine where the screws and knot and bolts of our labour market and industrial relation have been loosened?

We admit, the present day need of the country is not sweet and unrealistic statement but concrete and fruitful work. But it is strange sometimes when we receive 'concrete proposals' of some employers. One proposal-"present necessity is not of job security but of employment of unemployed ones!" We are very much confused- what does it mean? Is not there any relation between security of hand to mouth and the job to unemployed? One industrialist has proposed-" 300,000 job seekers enter the labour market every year. So every enterprise should create employment by retrenchment of one-fourth the workers every half annum and hiring the same number from unemployed crowd". Is it the concept of 'flexibility'? Do we ask for social dialogue for adoption of such proposal? Such proposals can be compared with a quote of Jakarta Post in 1998 in connection with financial crisis of Indonesia-"The number of the people living below the poverty line would decrease 'simply because they will be wiped out by death."

In this background, we would like to extract the sentiment of FNCCI president delivered during the ceremony of Commercial Day. "If we consider private sector as the engine of development, it is the time for study and analysis of parts and way of operation of the engine. Similarly, it is the time for assessment and evaluation of the movement, direction and destination of the engine."

We are very close to this acceptance of FNCCI president. Definitely it is the time for self-evaluation if we are determined to dig out the high way of Nation building through the track of social dialogue. It is much delayed to wash out the backward mentality of working class and feudal culture of the employers. Once Mahatma Gandhi has expressed-" The Earth has enough for everyone's need, but not for everyone's greed". We are ready to join hand with other social partners-let us move ahead with collective spirit of 'we' and 'ours' not 'me' and 'mine'.

While talking about social dialogue, it is relevant to discuss the role of the state. Unions do claim, among the two investors of labour and Capital, Capital investors are taken as 'favourable' and labour investors are considered as 'trouble creator'. Working people are the builder of the world! But how does our government go on towards capital formation while ignoring the labour investors? Why the state judgement is so much imbalanced?

With regard to Employment promotion and industrialisation, we are also in favour of blueprint of joint, concrete and broad formulation and its implementation. What and what not should we trade unions do? What minimum standards should be implemented by employers in their establishments? The corporate ethics being recently discussed how to be determined and in what standards? And how government should play its role as a facilitator, a model employer and a good monitor in labour and working population related issues? We hereby declare- The demarcation line determined by the collective discussion will not be crossed by the trade union side.

We think that the joint recommendation presented by GEFONT and NTUC during the National Consultation on Decent Work for Poverty Reduction organised by ILO may be a base point for moving ahead. We are optimistic for expected achievements if we could go on in a systematic, balanced and institutional manner. No doubt the coordination between capital of employers and our Labour will produce targeted result. For the purpose there is no need of destruction, rampant damages, violence and assassination. The urgent need is of strong political will and progressive reforms based on courage, understanding, dialogue and tolerance.

On this auspicious occasion of May 1st celebration, we would like to reaffirm the continuation of Campaign for unified trade union movement initiated from the previous years. We stand in favour of working in action-based, issue-based multi-dimensional unified campaign. The joint declaration issued by GEFONT Chairperson and NTUC president just 2 days ago (April 29), will be our common programme for the coming year. The programme set by the TUC-GEP (Trade Union Committee on Gender Equality and Promotion), established 2 years ago through a coordination among all three confederations will be the joint campaign as well. Our involvement will be further effective in the activities of IFBWW affiliates committee in Nepal. Moreover, the coordination among Nepali affiliates of ICEM- another Global Union Federation of energy chemical, mining and allied sector will be continued with more stress.

We have developed 17-point programme for May 1st 2002 to April 30, 2003. We will be involved in the Global report preparation to be presented in International Labour Conference on Occupational Discrimination against dalit Community. Considering the surplus labour

situation in Nepal, we will conduct a study on situation and extent of Guest workers in Nepal in order to achieve the goal of "Nepal's Job for Nepali first". Under our working schedule of the year related to the issues of social concern, we will join hands in partnership basis with the political parties for the end of present crisis and adequate political way-out. Our programme will be concentrated on multidimensional activities for the interest and upliftment of working class of Nepal.

We extend our best wishes in favour of result-oriented unity among the different walks of life of society who favour working class and peace and prosperity of the nation. On this occasion, our best wishes are due to political parties, business class, media and civil society to act collectively in a balanced manner for the expected achievement in the days to come.

Workers of the world-Unite! Long Live May Day!! One Union-One Voice!!!

*(Prepared by Bishnu Rimal and presented at May Day Celebration Programme;  
Royal Nepal Academy Hall, May 1, 2002, Kathmandu, Nepal)*

## Our Journey to the New Millennium

*By Mukunda Neupane*

A decade has elapsed.

The journey, started towards the completion of a Century, has crossed many ups and downs and has arrived at the threshold of another Century.

"The great labour movement of 1st May 1886 came to an end after the cruel massacre on 2-3 May 1886 in Chicago City of America. In order to immortalise the memories of the martyrs of the movement, May 1 was decided to be celebrated worldwide as the holy occasion of the global unity of workers. This decision had taken place on 20 July 1889. Today is the same day - the 20th of July of another century." It is the expression extracted from the press release issued on 20th of July 1989 on the occasion of the establishment of General Federation of Nepalese Trade Unions (GEFONT). The press release further says, 'We are dedicated to the goal of liberation of working community from all forms of injustices, inequalities and suppressions. We greet with these words the great legends of the 20th of July.'

Today is the 20th day of July; we have completed glorious 10 years of our journey. We remember the rainy day 10 years ago. We, the activists with an objective to give a new dimension to the trade union movement of Nepal, gathered silently in a secret den of the capital city of Kathmandu beneath the nose of the dictatorial reactionary system. And we declared: 'Now the co-ordination mechanism for trade unions in Nepal is launched. We have established GEFONT to fulfil the long waited need.

Once people's leader Madan Bhandari had said, 'No one will provide rights and facilities to the working class with a feeling of kindness or love until the workers snatch it through their own unity, organisation and struggles. The workers who do not care about a class unity, independent



organisation and organised efforts will be made musclemen and slaves. Because of the low level of consciousness, workers are facing the conditions synonymous to slavery even today.'

GEFONT was established with an aim to make people aware and conscious about their rights and engage them to achieve a new era of full liberation of working class.

Ten years have elapsed since. Just after a short period of establishment, GEFONT, in its third meeting of mid January 1990, decided to involve itself with full determination in the proposed popular movement designed for the attainment of democracy in order to strengthen the interests of workers.

Looking back at the footsteps of our history, we feel satisfied that our sacrifice have not gone in vain. The struggles produced achievements, pleasant and inspiring.

A number of events have taken place after the establishment of multiparty democracy. GEFONT was an active partner in each of the activities. With high expectations and ambitions, workers took to the streets as the new political system came into being. The state of affairs was really complicated. On the one hand, it was a relief to the workers heavily oppressed under feudal exploitation, on the other, their flying expectations had to be addressed on the ground of given reality. GEFONT accepted the challenge to bring the nation-wide labour unrest to safe-landing and to determine milestones for the movement under the legal framework.

We promulgated a new constitution and the first general election was held. With the formation of a new government, the process of framing new laws started as per the constitution. We, trade union activists, also expected progressive labour laws compatible with the new situation in order to ensure professional as well as class rights of the workers.

In 1917, Com. Lenin, addressing the All-Russian Trade Union Conference, had called on workers "...not to rely on the 'State' but to rely on the strength of one's own class" as the state was "an organisation of the ruling class." This statement proved to be true in our case, too. 'Cross the river and forget the stick' is one of the Nepali proverbs. Ironically, within a short span of ascending to power, our democracy fighters started to forget their comrades of difficult days, particularly

those in the working class and trade union movements. So, GEFONT had to choose the other option. It did so by registering an alternate Labour Bill through its Chairperson who was in Parliament at that time.

During the days all efforts were made from our side to move forward while facing difficulty. But we did waste our time on a wild-goose-chase. We are proud of the glorious 10 years of our movement. Because of these efforts, the trade union movement became successful to dig out its track and achieve layers of successes. Although fluctuating, our struggles have charted a positive pathway.

In course of time, the Labour Act came into existence in spite of a number of weaknesses, so did the 'Trade Union Act. GEFONT', as an umbrella organisation of its 16 national federations with 300,000 members, registered itself as the first confederation of the country.

What inspires the workers even in the midst of adversaries is the call that they have 'nothing to lose but the chain', and 'a world to win', if united. This goal stimulated the workers to build the nation through the protection of their professional and class rights and interests.

The memory is still fresh that GEFONT had to work very hard to inculcate a feeling that workers were a 'creative motive force', not a 'destructive mighty source'. As the outcome of the tiresome efforts, the previous sentiment to see management and workers as the tiger and goat was gradually replaced by the consciousness that 'workers, management and government' were 'the three social partners'. As our movement accelerated, our efforts succeeded to sketch the landscape of the national trade union movement.

The days afterwards saw more challenges. Workers were seen as a mass of people who know nothing; we were neglected. We fought this delirium with slogans 'Down with...' 'Long live...' while shouldering the challenging responsibility of nation-building. We, the representatives of world builders, were not easy to subdue, nor forget. Hence the concerned bodies finally realised the compulsion to recognise us.

Within the 10-year journey, the representation and involvement of GEFONT in Central Labour Advisory Committee, Minimum Wage Determination Committee, various committees and task force for formulation and revision of labour laws, International Labour Organisation, IPEC-National Steering Committee, National Productivity

Council, National Pension Scheme, Steering Committee of Expansion of Employment Opportunities for Women, Mechanisms related to Federations and numerous trade union's internationals and trade union forums is indicative of this recognition.

Our presence in these forums was not only challenging but also full of risks. In a society dominated by a feudal culture, every decision taken with our involvement could face severe criticism and debates. The decisions could go adverse to hard working brothers and sisters of our working community. Fortunately, our movement and its leadership did not have to face such accidents. The confidence of our members, united under a sound discipline of GEFONT, always remained with us. It is their trust that enabled GEFONT to continue its journey with enthusiasm even in the face of challenges, complications and risks.

The history of our movement is the history full of blood and sacrifice of pro-liberation working masses. In every success of our movement is sweet and hard endeavour of the working people unified under our umbrella. Based on this sacrifice, we can declare with our heads high up: 'Among the achievements of the glorious ten years, are the frequent review and increase of minimum wages, formulation of labour laws, revision and amendment, successful settlements of labour disputes and inspiring size of international solidarity.'

**We feel our achievements are not sufficient. Nor are they that frustrating.**

During these glorious 10 years, not only did GEFONT become nationally well recognised, but also ascended to policy intervention. Today, on the occasion of the 10th Anniversary, we proudly declare that the First Historical Labour Conference, the presentation of the concept of Labour Policy, formulation of Transport Policy, Labour Rules, Trade Union Rules and Transport Regulation are the outcomes of our policy interventions.

Simultaneously, we developed some good traditions, too. The model examples of our activity are the beginning of trade union education and the successful operation of the Mobile Trade Union School. We think that the GEFONT publications on various themes and the Labour Resource Centre that it has maintained are valuable assets of the entire labour field. We moved from an almost non-existent labour information

system to a fairly sophisticated information storage and supply system in a matter of decade.

The action researches conducted on different topics, the issue of migrant workers and organisation of agriculture and urban informal sectors are also our gains. We also successfully hosted the International Trade Union Conference with an active participation of 38 labour organisations of 15 countries in the capital of Nepal.

We did not limit our decade-long activities to mere monotonous political practices and confronting labour disputes. We brought ourselves to outlying rural villages and doors of working masses in every difficulty, whether natural or human-made. We extended whatever relief supports we could to the victims of flood, landslide and other forms of calamities.

Even within our own family, we initiated our effort to establish a social security network, such as the GEFONT Emergency Fund Scheme, Accident Relief Programme for the Transportation Sector and the OSH Campaign.

We spent some of our important time to clean up social vice scars. We launched an appeal movement for the liberation of bonded Kamaiya workers, a nation-wide campaign for child labour elimination, and a programme against gender discrimination and unfair labour practices still existing within civil, police and arm services.

Whatever we did, we did with full commitments and full dedication. In order to protect their rights and interests, we organised workers from rural working population to urban wage workers.

On the occasion of the 10th Anniversary, we declare without hesitation that we could achieve this much. We have a long way to go, for which we are fully prepared.

### **Glorious ten years have elapsed.**

This Century is going to rest forever. But our journey has just begun. We are fully prepared to face up to the new challenge of the new Century!

Thank you!

*(A speech delivered by Chairperson **Mukunda Neupane** on the occasion of 10th Anniversary Celebration of GEFONT, 20th July 1999)*

## Acronym and Abbreviations

ADB	: Asian Development Bank
AITUC	: All India Trade Union Congress
AMRC	: Asia Monitor Resource Centre
ANPA	: All Nepal Peasants' Association
ANTUC	: All Nepal Trade Union Congress
ANTUC	: All Nepal Trade Union Congress
ANWA	: All Nepal Women Association
APO	: Asian Productivity Organisation
APRO	: Asia Pacific Regional Organisation (of ICFTU)
ASI	: Anti-slavery International
ASPBAE	: Asian south pacific Bureau of Adult Education
BATU-SAARC	: Brotherhood in Asian Trade Unions- SAARC
BBH	: Big Business Houses
BLSF	: <i>Bansbari</i> Leather and Shoes Factory
CAW	: Committee for Asian Women
CBA	: Collective Bargaining Agreement
CBOs	: Community Based organisations
CBS	: Central Bureau of Statistics
CEDAW	: Convention on the Elimination of all forms of Discrimination against Women
CLAC	: Central Labour Advisory Committee
CLI	: Central Labour Institute, India
CO	: Community Organisations
Co-ops	: Co-operatives
CPN-UML	: Communist Party of Nepal (Unified Marxist-Leninist)
CUPPEC-Nepal	: Central Union of Painters, Plumbers, Electro and Construction Workers, Nepal
CWIN	: Child Workers in Nepal, Concerned Centre
DANIDA	: Danish International Development Association
DDC	: Districts Development Committee
DECONT	: Democratic Confederation of Nepalese Trade Unions
DOL	: Department of Labour
EI	: Education International
EPZ	: Export Processing Zones
EPZ	: Export Processing Zones

ESC	: Economic Services Centre
ETUC	: European Trade Union Confederations
FAWN	: Federation of Agricultural Workers, Nepal
FDI	: Foreign Direct Investment
FES	: Friedrich Ebert Stiftung
FNCCI	: Federation of Nepalese Chamber of Commerce and Industries
FNCISI	: Federation of Cottage and Small Industries
FP/MCH	: Family Planning / Maternal Child Health Care
GATT	: General Agreement of Trade and Treaties
GDP	: Gross Domestic Product
GEFONT	: General Federation of Nepalese Trade Unions
GUFs	: Global Union Federations
HMS	: Health Micro-Insurance Scheme
HK	: Hong Kong
HMG/N	: His Majesty's Government of Nepal
HRD	: Human Resource Development
HRO	: Human Rights Organisation
ICEF	: International Chemical and Energy Federation
ICEM	: International Federation of Chemical Energy, Mine & General Workers' Unions
ICFTU	: International Confederation of Free Trade Unions
IFBWW	: International Federation of Building and Wood Workers
IHO	: Indian Health Organization
ILO	: International Labour Organisation
IMF	: International Metalworkers' Federation
IMF	: International Monetary Fund
INGO	: International Non-governmental Organisation
INSEC	: Informal Sector Service Centre
IOR-TU	: Indian Ocean Rim- Trade Union
IPEC	: International Programme on Elimination of Child Labour (of ILO)
I-PRSP	: Poverty Reduction Strategy Paper-I
ISA	: International Solidarity affairs (KMU- Philippines)
ISC	: Industrial Service Centre
ISPI	: International social Partners Initiatives (of ILO/IPEC)
ITGLWF	: International Textile, Garment & Leather Workers' Federation
ITGWUN	: Independent Textile-Garment Workers Union of Nepal
ITUC	: International Trade Union Conference
ITUN	: International Trade Union Network
ITWAN	: Independent Transport Workers Association of Nepal
ITWAN	: Independent Transport Workers' Association of Nepal
JVs	: Joint Venture Companies
KAD	: Women Trade Union of Denmark

KCG	: Kamaiya Concerned Group
KLFN	: Kamaiya Liberation Forum, Nepal
KLSI	: Korea Labour and Society Institute
LDC	: Least Developed Countries
LO/TCO	: The Foundation of Swedish Central Trade Union Confederations
MDW	: Minimum Daily wages
MMR	: Maternal Mortality Rate
MNC	: Multinational Corporations
MNCP	: Municipal Corporation
MOL	: Ministry of Labour
MOLD	: Ministry of Local Development
NATU	: Nepal Auto- mechanics Trade Union
NEFAS	: Nepal Foundation for Advance Studies
NESAC	: Nepal South Asia Centre
NFE	: Non-formal Education
NGO	: Non-governmental Organisation
NICIWU	: Nepal Independent Chemical-Iron Workers' Union
NICWU	: Nepal Independent Carpet Workers' Union
NIWU	: Nepal Independent Workers Union
NLA	: National Labour Academy, Nepal
NLFS	: National Labour Force Survey
NLSS	: National Living Standard Survey
NNTA	: Nepal National Teachers' Association
NPC	: National Planning Commission
NPEDC	: National Productivity and Employment Development Commission
NRs	: Nepali Rupees
NTA	: Nepal Teachers' Association
NTUC	: Nepal Trade Union Congress
NTUF	: Nepal Trade Union Federation
NWO	: Nepal Women Organisation
OATUU	: Organisation of African Trade Union Unity
OECD	: Organisation for Economic Co-operation and Development
OSH	: Occupational, safety and Health
OSHE	: Occupational Safety, Health and Environment
PEs	: Public Enterprises
PHECT-Nepal	: Public Health Concerned Trust, Nepal
PO	: Peoples Organisations
PRIA	: Participatory Research In Asia
PRSP	: Poverty reduction Strategy Paper
SAAPE	: South Asian Alliance for Poverty Eradication
SAARC	: South Asian Association for Regional Cooperation
SAARTUC	: South Asian Regional Trade Union Confederations

SAP	: Structural Adjustment Programme
SEWA	: Self Employed Women's Association
SIGTUR	: Southern Initiatives for Globalisation and Trade Union Rights
SOE	: State Owned Enterprises
STD	: Sexually Transmitted Disease
TEAN	: Telecom Employees Association of Nepal
T-G Sector	: Textile-Garment Sector
TKP	: The Kathmandu Post
TNC	: Trans National Corporation
TRUE - Campaign	: Trade Union Education Campaign
TU	: Trade Union
TUAC	: Trade Union Advisory Committee (to the OECD)
TUC-GEP	: Trade Union Committee for Gender Equality and Promotion
TUN	: Teachers' Union of Nepal
UK	: United Kingdom
UN	: United Nations
UNDP	: United Nation Development Programme
UNI	: Union Network International
UNITRAV	: Union of Trekking-Travel-Rafting workers, Nepal
USA	: United States of America
USD	: US Dollar
USSR	: Union of Soviet Socialist Republic
VDC	: Village Development Committee
WB	: World Bank
WCL	: World Confederation of Labour
WEP	: Workers' Education Programmes
WFTU	: World Federation of Trade Unions
WID	: Women in Development
WTO	: World Trade Organisation