

Poverty Reduction Strategy and Labour Perspectives

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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

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