

Labour and Employment Policy, 2062

1. Background

Labour is the keystone of development of human life, personality and civilization. The generation of income -generating employment opportunities is necessary for proper human living. Since income distribution can take place in society only through occupation or employment, the right to work is considered one of the fundamental rights of the person. Similarly, the generation of income-generating employment opportunities is the chief means of poverty alleviation. In this context, it becomes the State's responsibility to build an environment that enables a life that is full of dignity, exploitation-free and just with at least the minimum social and professional security by ensuring access to income-generating employment opportunities for all citizens of the country without discrimination.

Employment is a subject that is dynamic, multifaceted and dependent upon the pace, structure and nature of economic growth. Higher productivity calls for, along with economic growth, establishment of cordial labour relations based on mutual trust and benefit. Growth in productivity could set off a virtuous cycle that boosts investments, thus generating added employment opportunities. Therefore, it is necessary to maintain balance between the labour market elasticity, productivity and social security.

Perceiving the need for a distinct policy for the labour sector, Government of Nepal has formulated and enforced the 'National Labour Policy 2056'. The enforcement of that policy has made it possible for the Nepalese labour sector to take on a concrete shape and for the efforts for organizing and streamlining the labour sector to proceed along the International Labour Organization's (ILO) basic guidelines. Similarly, a culture of tripartite and bipartite dialogue along the distinct identity of labour administration has been developed, and a range of institutional frameworks allowing such dialogue have been established. In the same vein, along with the rise in the awareness of child labour

and informal sector labour, common perceptions are developing among social partners vis-à-vis the diverse aspects of labour.

Although these achievements are, in themselves, positive, the need for added efforts in the labour and employment sector has been acutely felt. In fact, changes have been taking place at a rapid pace in the labour market and technology sector for the past few years. Nepal has recently become a member of the World Trade Organization (WTO). The globalization of capital, goods, labour and service markets, growing competition, rising importance of foreign investments, increasing non-formalization of the organized sector, emerging forms of organizational behaviour are continually bringing about changes in industrial relations. In this context, the elasticity of the labour market and social security, it seems, are to us the principal catalytic elements that generate new employment opportunities. No new employment can be generated until and unless new investments take place or the performance of the existing structure or investments improves. Additionally, until and unless an employment-oriented infrastructural programme is conducted, it shall be difficult to provide employment for an ever-increasing labour force enters in the labour market. To address all these issues, balance should be maintained between an accommodating market policy, a national work plan on decent work, social security system and financial efficiency. Furthermore, the broader goals of socio-economic development and science and technology policy and the sectoral policies and legal provisions, including industrial policy, foreign investment policy, agriculture and local infrastructure development policy, must be harmonized with the labour and employment policy. The need for revising the existing policy and legal provisions in order to face the emerging challenges, after internalizing the changes in the labour and employment sector, has been articulated in the course of social dialogue. These issues were also discussed with utmost urgency at the social dialogue held between the 'employers' and 'employees' representatives, as well as at the second national labour conference, held on 12-14 January 2005.

In this context, this Labour and Employment Policy 2062 has been promulgated in

response to the felt need for attaining the goal of alleviating poverty through the creation of income-generating employment, as put forth with priority by the Ninth and Tenth Plans, to face the existing challenges by exploring and tapping the new opportunities and potentials of the labour and employment sectors, to promote production-oriented employment by eliminating forced labour practices, including bonded labour, to make the just, healthy and cordial labour-related development a subject of common initiative and interest of all sectors and agencies concerned.

2. Long-term Goal

The long-term goal of the Labour and Employment Policy 2062 is to provide productive, non-discriminatory, exploitation-free, decent, safe and healthy work opportunities for citizens of the working ages by building an environment of friendly investments, in addition to building and managing a labour market that contributes to the national economy so that it can compete at the global level.

3. Objectives

- 3.1 To pave the path of sustainable economic development by offering opportunities of productive and full employment for the entire workforce available in the country and by creating an investment-friendly environment.
- 3.2 To augment productivity by eliminating forced labour practices, including bonded labour, as well as by establishing congenial labour relations through gradual introduction of international labour standards at the workplace in both formal and informal sectors.
- 3.3 To make the labour market safe, healthy, competitive and open by developing a social security system that also encompasses the informal sector, as well as by promoting and developing occupational safety and health.

- 3.4 To enhance the prospects of employment and self-employment by developing high-quality multi-skilled human resources.
- 3.5 To ensure equal access of women, *dalits*, indigenous nationalities and the displaced people to employment.
- 3.6 To eliminate child labour.
- 3.7 To make labour and employment administration smart, up-to-date, efficient and effective.

Strategy related to Objective No. 3.1

National Development Programmes shall be implemented upon developing a system of analysing issues from labour and productivity standpoint in the course of implementing macro-economic policies and putting emphasis in the labour intensive employment sectors.

Policy and Policy Actions (Working Policies)

- 3.1.1 All labour-intensive employment sectors with economic development potentials shall be identified and investment in such sectors encouraged.
- 3.1.2 Priority shall be accorded to employment-oriented investments.
- 3.1.3 The practice of analysing all national programmes and investments from the perspective of employment and productivity growth shall be adopted by taking employment as a potent medium of poverty alleviation and overall economic development.
- 3.1.4 A distinct policy on labour migration shall be formulated and enforced for the promotion of safe and decent foreign employment.
- 3.1.5 Additional employment shall be generated by conducting employment-

oriented infrastructure building and local development programmes (such as rural roads, small irrigation, health, education and similar other programmes).

- 3.1.6 The employment promotion perspective shall be followed while formulating annual sectoral development programmes.
- 3.1.7 The labour law, industrial policy, foreign investment policy and tax policy, as well as the related laws, shall be revised as required in order to build an environment conducive to the promotion of investments and employment.
- 3.1.8 A labour database (information system) shall be developed and mobilized as a medium for employment supply to fulfill the demands of the labour market.
- 3.1.9 Emphasis shall be given to the generation of self-employment opportunities by developing entrepreneurship and micro enterprises.
- 3.1.10 Enterprising youth shall be involved in micro credit programmes for generating self-employment.
- 3.1.11 The employment exchange service shall be operated in a comprehensive, coordinated and effective manner by developing and strengthening the information, service and institution related to the labour market, apart from continually disseminating the collected information on employment opportunities by posting it on a functional national website.
- 3.1.12 In order to generate additional employment opportunities through the promotion of special economic zones and export-oriented industries, necessary provisions shall be inserted in the current labour law with the consent of social partners.

- 3.1.13 Efforts shall be made to build an environment that discourages activities such as strikes and picketing in industries established in special economic zones and in those industries that export more than 90 per cent of their products.
- 3.1.14 In case human resources that have high management capabilities and ultra-modern technological know-how are not available within the country, provisions shall be introduced to allow industries established in special economic zones and export-processing zones to hire such employees or workers from abroad, if needed.
- 3.1.15 Programmes such as vocational and career guidance services shall be encouraged for enhancing employment prospects.
- 3.1.16 Provision shall be made for flexibility, among others, for closing the establishment on the basis of market conditions, technology, and competition, adequacy of work, production or nature of service or economic activities by providing for social security.
- 3.1.17 Necessary facilities as well as suitable legal provisions shall be granted for the expansion of industries, promotion of investments and augmentation of employment.
- 3.1.18 Establishments creating additional employment opportunities and considered as model employers shall be encouraged and rewarded.

Strategy related to Objective No. 3.2

The concept of decent work shall be gradually translated into practice.

Policy and Policy actions

- 3.2.1 Positive thinking towards labour and workers shall be developed by

establishing dignity of labour in society, and all forms of labour and occupations shall be developed as a means to personality development.

- 3.2.2 Employment shall be adopted as a cornerstone of poverty alleviation by developing labour relations according to the concept of decent work and ILO's labour standards.
- 3.2.3 The implementation of the global labour parameters in the informal sector shall be encouraged through employers' and workers' organizations.
- 3.2.4 Right to engage in income-oriented employment of choice shall be guaranteed to every citizen by eliminating all forms of forced and exploitative labour relations and behaviours in the formal and informal sectors.
- 3.2.5 Tripartite and bipartite consultations and partnerships between the government, employers and workers shall be constantly encouraged for productivity growth by developing harmonious industrial relations.
- 3.2.6 Collective bargaining shall be encouraged through necessary legal and institutional provisions by building an environment for the workers and employers of the informal sector to organize.
- 3.2.7 Programmes shall be conducted to progressively remove gender, sectoral, ethnic and other forms of discrimination prevalent in the employment sector.
- 3.2.8 Diverse measures shall be adopted for the enrichment of the quality of worklife of the workforce by gradually improving the work environment and quality of work performance in the establishment.
- 3.2.9 The rights, interests, entitlements, duties, responsibilities, obligations and

discipline of workers, and, additionally, the rights, obligations, duties and management interests of employers shall be clearly described.

- 3.2.10 All unfair labour practices on the part of employers and employers' organizations and workers and workers' organizations shall be entirely prohibited.
- 3.2.11 Apart from guaranteeing equal remuneration for equal work, only the minimum level of benefits and entitlements are to be stipulated while formulating law, and any other benefits and entitlements shall be determined by the management themselves or by the management and trade unions through collective bargaining.
- 3.2.12 Necessary legal provisions shall be streamlined and enforced for the protection of the rights and entitlements of the workers engaged in the informal sector.
- 3.2.13 Encouragement shall be given to the institutionalization of the tripartite and bipartite social dialogues down to the level of development of industrial relations, conflict resolution and policymaking processes.
- 3.2.14 To enhance the efficacy of social dialogue, stress shall be laid on equal and balanced representation in all bipartite and tripartite mechanisms, along with capacity enhancement of social partners.
- 3.2.15 Apart from adopting tripartite agreement as a basis of law-making, all parties shall abide by the decisions taken in tripartite and bipartite agreements and all parties concerned shall enforce them with total commitment.
- 3.2.16 The workers and employers of the informal sector shall be progressively encompassed in the process of social dialogue by building institutional

infrastructures.

Strategy related to Objective No. 3.3

Along with developing labour elasticity, social security and occupational safety and health as intrinsic components of labour administration, the social security network shall be gradually expanded by coordinating them on the initiative of the government, social partners and non-governmental sector.

Policy and Policy Actions

- 3.3.1 Labour market flexibility shall be encouraged by attracting investments, enhancing the competitive capacity of industries and generating additional employment opportunities through these means.
- 3.3.2 A comprehensive and integrated system of social security shall be developed and expanded, with the gradual inclusion of the informal sector.
- 3.3.3 Labour elasticity and social security, being complementary to each other, balance shall be maintained between the elasticity of the labour market, investment-friendly environment and minimum social security by simultaneously streamlining and implementing the legal provisions related to them.
- 3.3.4 The workplace shall be made safe, healthy and productive by promoting and developing occupational health and safety and reproductive health as inherent aspects of all organizations and workplaces.
- 3.3.5 Legal provisions shall be introduced for flexibility in the appointment, remuneration, retirement and other terms and conditions of service by keeping in consideration the nature of the establishment and the basic

rights and entitlements of workers.

- 3.3.6 Institutional, procedural and legal frameworks shall be developed to implement the broader concept of social security after encompassing the informal sector.
- 3.3.7 The network of social security shall be expanded based on tripartite contributions and, along with formulating a necessary law for its management, a separate office, to be under the Central Labour Advisory Committee, shall be established at central level.
- 3.3.8 The current framework of occupational safety and health shall be reviewed and institutional and legal frameworks for it developed.
- 3.3.9 Various social welfare programmes shall be formulated and implemented by targeting the workers and employees belonging to both formal and informal sector as well as their families.
- 3.3.10 Safety and health committees shall be constituted and effectively conducted for the identification, planning, implementation, follow-up, evaluation and improvement of activities related to occupational safety and reproductive health at the workplace.
- 3.3.11 Along with the development of a reporting and documentation (record) system on occupational hazards, training in occupational safety and health shall be provided for workers and management personnel.
- 3.3.12 A manual shall be prepared and implemented for the promotion of occupational safety and health, including stress management at the workplace.
- 3.3.13 Information, educational and communication (IEC) materials shall be

developed and widely disseminated for enhancing awareness of HIV/AIDS and promoting preventive measures at the workplace.

- 3.3.14 A favourable public opinion shall be built, including in the informal sector, about the importance of social security and occupational safety and health by conducting programmes on widespread social dialogue, educational material development, dissemination and awareness programmes.

Strategy related to Objective No. 3.4

Quality vocational training and skill development training shall be made more effective and developed as a means of fulfilling the requirements of the economic system and labour market as well as to create opportunities for employment and self-employment.

Policy and Policy Actions

- 3.4.1 The policy of gradually reducing the demand for foreign workers by developing skills and capacities in accordance with the demand of the domestic labour market shall be adopted.
- 3.4.2 Priority shall be given to the vocational training and skill development training programmes by linking them with the need for lifelong learning and developing them as a means to bridge the gap between the existing and the required skills.
- 3.4.3 The vocational training and skill development training programmes shall be decentralized to the extent possible by linking them with the demands of the training practitioners and groups with specific needs, as well as by linking them with the needs of local and foreign labour markets as well as community development.

- 3.4.4 Subject-matter-specific short-term training shall be conducted within and outside the workplace for the development of skills and personality of workers.
- 3.4.5 The workers belonging to the private sector shall be provided with the opportunity of acquiring more than one skill to enable them to shift from one job to another job, along with building up their skills.
- 3.4.6 The educated employed youth and school dropouts shall be guided towards self-employment by providing them with vocational and entrepreneurial training and loans at concessional rates.
- 3.4.7 The skill for employment programme shall be implemented by coordinating the vocational and skill development training programmes conducted under different ministries and agencies and making them more effective in accordance with the changing technology and nature of demand of the labour market.
- 3.4.8 Linkage shall be built up between the training and services of the labour market and the services of the financial sector.
- 3.4.9 To enhance the relevance and efficacy of the skill development and vocational training programmes, attention shall be given to the active participation of the representatives of sectoral establishments and workers in the training need assessment, curriculum development and conducting of training.
- 3.4.10 Encouragement shall be given to carrying out the task of training policy and curriculum development, coordination and extending of financial support and facilities through the central level and the implementation of the training programmes gradually through the district or local level.

- 3.4.11 The skill development and vocational training programmes shall be expanded through the private-government sector partnership and double track system.
- 3.4.12 Training in skill and entrepreneurial development, organizational and leadership development and labour standards shall be provided in partnership with the 'employers' and 'workers' organizations, local agencies and other non-governmental agencies by targeting the personnel working in the informal sector.
- 3.4.13 Priority shall be accorded to those activities that enhance the access of groups with specific needs such as the youth, *dalits*, poor, women, indigenous peoples, displaced and the differently able to skill development and vocational training programmes, that develop extremely necessary skills and capacities, and that provide employment.
- 3.4.14 The system of the person being evaluated holding consultations and discussions on the evaluation of her or his strong and weak aspects while performing work shall be developed and work performance evaluation shall be linked to training, and the worker's work performance evaluation system shall be made transparent and systematic.

Strategy related to Objective No. 3.5

To enlarge the employment and self-employment opportunities for the youth, women, indigenous peoples, *dalits*, elderly, differently able and backward sections and groups, special target programmes that support employment shall be conducted.

Policy and Policy Actions

- 3.5.1 Opportunities shall be provided for merit-based employment for all sections, communities, groups of society and members of family by

eliminating gender, regional, ethnic or any other forms of discrimination faced in the entry to productive employment or at the workplace or in the course of career development.

- 3.5.2 Target programmes shall be conducted to generate employment opportunities for women, *dalits*, indigenous nationalities, differently able, vulnerable and poor groups, or members of their families, that are deprived of opportunities of dignified employment.
- 3.5.3 The global standards of gender equality and promotion shall be adopted and their provisions gradually implemented.
- 3.5.4 Appropriate positive discrimination shall be encouraged at all levels to ensure access of women of all sections, castes and ethnic groups to productive employment, as well as for women's empowerment.
- 3.5.5 In order to provide the differently able with employment opportunities, necessary infrastructures shall be developed to make the workplace friendly for them and efforts shall be made to build their self-reliance through safe employment suitable to their capacities.
- 3.5.6 Gender awareness shall be enhanced in work, at the workplace and among social partners, and gender balance maintained in the workforce.
- 3.5.7 The practice of periodically carrying out gender audit and gender assessment shall be adopted in the work sectors and at the workplace.
- 3.5.8 The workplace and the work environment shall be made favourable and friendly by keeping in mind the workers with specific needs, including women, as well as workforce diversity.
- 3.5.9 Stringent legal provisions shall be introduced and enforced at the

workplace to combat sexual harassment.

3.5.10 Female employment shall be enlarged by creating a women- and family-friendly working environment at the workplace through the provisions of affirmative discrimination, maternal safety, security and suitable leave facilities.

3.5.11 Suitable employment opportunities shall be created for the qualified differently able and physically challenged by developing the workplace along the concept of affirmative discrimination and friendly workplace.

3.5.12 A distinct programme shall be formulated and implemented for creating self-employment opportunities by developing entrepreneurial qualities among the youth. The access of *dalits*, indigenous nationalities and backward sections and groups of society to such programmes shall be ensured.

Strategy related to Objective No. 3.6

The master plan on child labour shall be effectively implemented by establishing cordial relations with other sectoral work plans prepared for the protection and development of children.

Policy and Policy Actions

3.6.1 In order to eliminate child labour by developing alternatives in accordance with the national and international commitments articulated by Government of Nepal the interventions of the governmental sector, private sector, donor community, employers' and workers' representative organizations and national and international organizations shall be coordinated and strengthened.

- 3.6.2 The practice of classifying the general, hazardous and worst forms of child labour in the formal and informal sectors and eliminating them based on priority shall be adopted.
- 3.6.3 The adequacy, capacity and efficacy of legal provisions and institutional frameworks related to child labour shall be assessed, updated and strengthened.
- 3.6.4 Special sectoral programmes shall be developed as required and the National Master Plan on Child Labour shall be implemented.
- 3.6.5 The partnerships between Government of Nepal, local agencies, social partners, donor community and civil society shall be strengthened and made more effective by coordinating the implementation of the Poverty Alleviation Programme, Education For All Programme and the National Master Plan For Poverty Alleviation.
- 3.6.6 Child labour related programmes shall be conducted by according primacy to programmes that address the main causal factors of child labour, render direct and long-term benefits to children and families at risk and those which are preventive in nature.
- 3.6.7 Necessary infrastructural arrangements shall be made at local level for creating opportunities for the rescue, rehabilitation and re-union of children involved in the extremely hazardous and worst forms of work.

Strategy related to Objective No. 3.7

Activities that contribute to capacity building, expansion, system improvement of the offices engaged in employment promotion and labour administration, in addition to boosting the morale of personnel, shall be carried out.

Policy and Policy Actions

- 3.7.1 The agencies related with the labour administration, vocational training and skill development training centres, employment exchange service, institutional structure of the labour court, work procedure, capacity and legal provisions shall be reviewed, made more capable and strengthened.
- 3.7.2 Initiative shall be taken to hand over the responsibility of regulating, following up on and improving the labour relations in the informal sector by enhancing the legal rights and institutional capacity of local agencies.
- 3.7.3 Human resource development and utilization shall be built in as a tradition by considering employment promotion and labour administration a specialized sector.
- 3.7.4 Initiative shall be taken to establish harmony, uniformity and coordination between the various sectoral policy and legal provisions relating to employment promotion and labour administration.
- 3.7.5 The practice of fixing minimum remuneration based on market index shall be adopted, with the inclusion of the informal sector, by strengthening the tripartite permanent remuneration fixing committee.
- 3.7.6 All programmes shall be integrated in the national database to prevent duplication of the various implemented programmes and beneficiary groups, as well as to enhance the efficiency and efficacy of investments.
- 3.7.7 For technical inspection of the establishment, competent agencies of the private sector shall be involved and the role of the labour offices shall be concentrated on follow-up and evaluation.
- 3.7.8 The Labour Relation Committee shall continually be promoted as a potent

medium for resolving industrial disputes, maintaining discipline, occupational safety and health, enhancing productivity at the workplace and securing investments.

3.7.9 Along with the development of a factory inspection system to be based on voluntary declaration principle to the extent possible, the private sector shall be involved in factory inspection.

3.7.10 The existing Central Labour Advisory Committee shall be empowered as a Central Labour Advisory Council by making arrangements for necessary legal provisions, and it shall be facilitated to play an effective role in policy and law formulation in the labour and employment sector, remuneration fixation, and research and development.

3.7.11 A National-level Labour Foundation shall be established and strengthened for extending research, skill development training and labour education for labour inspection, workplace inspection, skilled work performance and productivity.

3.7.12 In order to maintain harmonious labour relations, labour disputes shall be resolved through bipartite dialogue after building a favourable environment; strikes and lockouts shall be used as the last resort after the adoption of tripartite dialogue, as needed; and the culture of appropriately resolving the disputes over individual and collective rights and entitlements at the workplace shall also be developed.