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Report of the Sub-Regional Workshop on Privatization in South Asia

Kathmandu, 24-26 November 1999

A three-day high level tripartite meeting on Privatization in South Asia was held in Kathmandu from 24-26 November 1999. The meeting was organized by International Labour Organization (ILO).

A total of 32 participants representing five nations - Bangladesh, India, Nepal, Pakistan and Sri Lanka attended the meeting. The participants from each country comprised of representatives of employers' and workers' organizations and the governments. The three-day programme included an inaugural session, nine working sessions and a concluding session. The detailed programme of the meeting is attached as Annex 1 and the list of participants as Annex 2.

OBJECTIVES

The meeting brought together the participants to discuss the privatization activities in South Asia and ways to mitigate their social effects. Specifically, the workshop had following objectives:

- share experiences or lessons learned from privatization activities in the South Asian countries;
- focus on social effects of privatization and restructuring of the public enterprises in South Asia;
- examine how adverse social effects can be mitigated through restructuring of public enterprises; and
- seek ways to find better ways to promote and strengthen social dialogue between workers and employers to resolve the issues arising from privatization.

DAY 1: Wednesday, 24 November 1999

Opening Ceremony

Welcoming the guests and participants to the meeting, Mr. A.S. Oberai, Director, ILO-South Asia Multidisciplinary Advisory Team (SAAT) stated that privatization of public sector enterprises has been gaining momentum in most South Asian countries with the increasing pace of economic and trade liberalization and growing budgetary deficits. However, some countries have rushed through the programmes without providing adequate measures for workers' protection. A more worrisome feature is that surplus labour in the public sector carried over from the past is threatening to become open unemployment adding to the already difficult employment situation. This has therefore caused serious concerns among policy makers, workers' organisations and the society in general.

Mr. Oberai noted that some countries have attempted to deal with the problems of retrenched workers by establishing social safety nets largely consisting of severance payments. For example, in India, National Renewal Fund (NRF) was established in 1992 but the experiment has not been very successful. When set up in 1992, it had three major objectives: (i) to provide a package of compensation to retrenched workers; (ii) to provide funds for retraining/ redeployment of displaced workers; and (iii) to provide funds for employment generation schemes. Although these were laudable objectives, there have been serious problems in operationalizing the concept of NRF. The coverage has been small, and very little training has been provided to the displaced workers. In Pakistan also, some enterprises have paid generous compensation to affected workers. However, it has not helped many workers to get reabsorbed in the labour market. Besides severance payment, what is needed is an unemployment insurance benefit system which could provide more effective safety nets to laid off workers by allowing them reasonable time to look for alternative work. Also required are strong labour market institutions such as active employment exchanges, labour market information and training systems to assist retrenched workers in reskilling and searching for jobs.

He pointed out that although the present spate of privatization is heavily influenced by the economic compulsions, the experience of privatization itself is not new. In the nineteenth century even the public utilities such as gas, power and water were initially privately owned, operated and funded in most countries, which were over a period of time regulated or nationalised although in varying pattern across and within countries and sectors. Some of the motives behind this nationalization, such as promoting social interests, maintaining national security and reducing foreign domination, may have been reasonable but others such as using nationalisation as a means of providing subsidies to industry, controlling prices and extending patronage were perhaps misguided. Over time, however, there was disenchantment with the performance of these nationalised firms, particularly in terms of poor quality and dismal services besides being a burden on the state exchequer. The result was the start of deregulation and privatization in many countries. The wave of infrastructure privatization that swept Chile, New Zealand and the United Kingdom in the 1980s is now sweeping the globe. The momentum is driven by dissatisfaction with state provision, precarious government finances and new technology.

Mr. Oberai affirmed the need for privatization and continued that while private firms do not always outperform public enterprises, the evidence shows that they usually do. Many studies around the world have noted that rates of return on equity invested in industrial or commercial public enterprises often are almost a third of those invested in the country's industrial private sector. One may argue that rate of return in public enterprises is low because public sector may be pursuing certain social objectives. Even if this is true the issue still remains: can these objectives be not achieved through other means rather than reducing the overall efficiency of the economy? One could also argue that differences in the rates of return between public and private enterprises may also be due to the differences in technology, pricing, market, level of competition, tariff structure, etc. rather than due to the differences in management efficiency. But several studies controlling for these factors have convincingly demonstrated that private firms are generally more efficient than public enterprises.

Then, Mr. Oberai raised the issue as to why privatized firms perform better. Neoclassical economic theory suggests that the relationship between ownership and performance is tenuous. Efficiency is seen mainly as a function of market and incentives structures. In theory, therefore, it should make little difference whether a firm is privately or publicly owned as long as: (i) it operates in a competitive market: (ii) owner instructs management to follow signals provided by the market; and (iii) management is rewarded or sanctioned on the basis of performance. The problem, of course, is that these conditions are almost never met in the case of nationalised companies. Public sector enterprises are supervised by disinterested bureaucrats who often have more than profit on their minds. Political interference is also a major cause of efficiency reducing conditions in public enterprises.

The issue is not only whether or not to privatize but also when, what and how to privatize. The speed of privatization itself is an important factor determining the success or failure of a particular programme. Britain took 8 years to privatize 14 enterprises. Malaysia took 3 years to privatize container terminal. Mexico took 2 years to privatize one large coffee company. There is also the issue of developing effective regulatory mechanisms to safeguard the interests of consumers against formation of private monopolies following privatization.

He further noted that there are no standard models for privatization. While developing the preferred mode of privatization, it is important that different options are explored and the preferred privatization solutions are tailored to suit the local political and social environment. It is equally important that the privatization programmes are transparent, and there is a demonstrated political commitment to provide credible guarantee to the investor. Implementing the privatization successfully in the real world then would require support of institutional mechanisms that address stakeholder concerns in a creative manner. The process of privatization has been difficult and lessons have been learned along the way - in relation to the structuring of transactions and sale process, and in relation to balancing the interests of investors and consumers, as well as those of government, workers and regulators. He also cautioned that no country can claim to have delivered privatization without some failures and some highly criticized deals. So, each country needs to evolve its own approach to privatization, keeping in view the lessons learnt from others.

He further stated that the view that the government sector should concern itself only with the delevery of public goods and services is generally held among western economists and policymakers. In their economies, governments do not play a direct role of productionn through investment. Their private enterprises are large, efficient and multinational in scope. However, this is not the case in South Asian countries. Therefore, it could be legitimately argued here that in some important areas public enterprises should continue to exist at least till the private enterprises come of age. Thus for South Asian countries, instead of debating the question as regards whether there should be wholesale privatization, one could agree on certain specific steps to increase the efficiency and reduce the financial burden on the governments. Governments may for example, consider: (a) selling or closing down loss-making public enterprises producing all non-strategic goods in a phased manner; and (b) bringing private share-holding into profit-making public enterprises in all areas except railways, atomic energy and most defence related industries.

Lastly, Mr. Oberai raised certain issues for discussion during the workshop. Some of these issues were: Is the privatization process raising high expectations?; Is privatization conceived mainly as a means of reducing fiscal deficit?; Is adequate pool of funds available in the private sector to assume ownership of public sector enterprises without adversely affecting the pace of investment in new industries? How do we ensure that monopolies are not formed after privatization?; What kind of regulatory mechanisms do we need to protect the interests of consumers?; Can the private sector take over certain social functions which are currently being performed by the public sector such as those promoting employment among backward classes or other disadvantaged groups in society? How do we evolve social dialogue and social consensus on the need, extent and form of privatization?

Mr. Indra Deo Mishra, Vice-president of Nepal Trade Union Congress (NTUC), representing the workers' organization, stated that privatization, economic liberalization and globalization are creating problems for the workers. He said it was not clear whether the concept of privatization is expected to benefit the workers. He also pointed out that both the private and public industries in Nepal have been operating at a loss. He said the impact of privatization on workers should be studied and a solution should be sought.

Representing the employers' side, Mr Pradeep Shrestha, President of Federation of Nepalese Chamber of Commerce and Industries (FNCCI), stated that if an economic function can be better performed by the private sector, it should be left for the private sector. However, he pointed out that privatization alone may be insufficient condition for desired changes in the economy. Mr. Shrestha cautioned that privatization may bring worse results if it is used primarily to shed the administrative and financial burden of loss-making enterprises.

Inaugurating the workshop, the Finance Minister of Nepal, Mr. Mahesah Acharya, stated that inward-looking and protection-oriented policies in the past restricted the prospects of realizing decent rate of economic growth and employment. The last two decades of this millennium has, however, witnessed significant transformation with respect to the roles and responsibilities of the government and the private sector. Economic liberalization and privatization process have been initiated for improving the investment climate and optimizing the resource allocation pattern through competitive market and catalytic role of the government in the economy.

Mr. Acharya observed that the need for political support and the social justification for the private sector-led growth strategy always requires that the issues relating to the welfare and involvement of the labour be given utmost importance. While the economic compulsions would warrant expedited privatization, successful privatization rests on the enlistment of social support to the program. Appropriate compensation packages for those opting for early retirement and a guarantee for continuation of the existing compensation package for the remaining workforce in the privatized sector would be essential. Alternative arrangements could be made to ensure that the discontinuation of the services provided by the public enterprise to the economically deprived and geographically remote sections of the society are not unnecessarily affected on account of the privatization.

The privatization process could give rise to contentious issues in the context of job tenure and security, which are more secure in public enterprises by legal provisions than in the case of the private sector. Similarly, the perceptions with respect to terms and conditions like the job status, new skill requirements, working hours, wage differentials, benefits, bargaining power, and tougher employee performance and work discipline in the privatized enterprise may not reconcile with the needs and expectations of the work force. So, the effects on employment conditions and labour-management relations due to privatization should be recognized as a matter of utmost importance. Particularly, privatization programs which incorporate and enforce specific measures safeguarding workers' rights and protection along with the support measures for retrenched work-force, promotion of skill enhancement and self-employment programs, and use of privatization proceeds for socially-related measures are bound to be more socially successful.

The Finance Minister noted that privatization in Nepal, which began as an important strategy after the restoration of democracy in 1990, has so far witnessed privatization of 16 enterprises. The Privatization Act, which came into force in January 1994, has made various provisions with respect to promoting the social welfare and employee interests in the privatization process. The Privatization Committee of the Government includes Secretary in the Ministry of Labour as its member; and, if required, labour representatives would also be invited in its meetings. The Act provides that the Government may require the continuity of service of the existing work force, or they can be retired by arranging for reasonable compensation or benefits. The Government would also make available a certain percentage of shares of the privatized enterprise free of cost or at discounted price to the workers.

The Finance Minister pointed out that a recent study conducted in Singapore, a country where public enterprises are faring well, shows that the private sector is, at least, 15% more efficient than the government sector. Similarly in some of the public utilities in the USA, performance-based contracting out of the activities to the employees has raised the productivity and saved tremendous amounts of money to the city authorities. It may be noted that providing the employees in the public enterprises with a certain level of social and economic protection as well as a reasonable incentive and reward for good work is quite essential. However, if such facilities have to be made available in the form of privileges at the cost of public at large, then such facilities would be hard to be justified, particularly in the context of the economic situation that the South Asian region faces. Likewise, if the social restructuring and reform process are to be sustainable and successful, then a culture of work value system irrespective of the nature of the job has to be established, the link so far missing both in the public and private sectors of this region.

The Finance Minister concluded by stating that in the process of privatization "what is privatized is business, not the responsibility". At a time when the concepts of slimmer government and good governance are becoming the hallmarks of the day, it is but quite natural for the government to withdraw from the business of doing business and instead effectively discharge its function of governance. He expressed his belief that the deliberations of the workshop would contribute towards formulating a strategy for privatization that would take into account the social effects and the restructuring requirements.

Mr. H.S.S. Fonseka, Officer-in Charge of the Senior ILO Advisor's Office, thanked the speakers and the participants in the opening ceremony.

Overview Presentation

Mr. Gopal Joshi, Senior Specialist on Enterprise and Management Development, and Professor G.S. Bhalla, Jawaharlal Nehru University, presented an overview of *Privatization in South Asia*. Mr. Joshi stated that there are three general reasons why privatization is being pursued: greater economic democracy through increased private initiatives in economic activities; higher levels of economic growth and employment; and reduction in budgetary deficits.

He pointed out that when the public sector undertakings are privatized largely to reduce the budgetary deficit, there is bound to be a tendency to focus on off-loading a heavily loss-making enterprises as quickly as possible without much regard to long-term consequences to such privatized units. As a result, the social effects of privatization have been presumably much greater than what would be the case, had the privatized public enterprises not been loss making.

Therefore, the PE's need to be first restructured to minimize the social costs. He presented the dilemma of the need for restructuring and the inability of the PE's to improve their management. Restructuring should take place in the manner that the enterprises are turned around with professionalization of management. This could be achieved by creation of a transparent, accountable and representative system of regulating the enterprises and involvement of employers and workers even before the turnaround and privatization begins.

Prof. G. S. Bhalla pointed out that efficiency was the rationale behind privatization. According to him, several factors have been responsible for the new economic thinking that stresses on efficiency and market. He further stated that the efficiency in management can be achieved regardless of whether the enterprises are privatized or not.

Mr. Michael Henriques, Director, Job Creation and Enterprise Department, ILO, shared international experiences on the privatization programme implemented some years back and social impact of privatization can be minimized by learning from such experiences.

He said privatization is widespread in many countries, with over 100 countries having significant programmes. Some 75,000 large and medium sized, and hundreds of thousands of small firms and shops have been privatized all over the world to date. It is an ongoing process and the total proceeds of this global privatization programme are estimated at over US$ 735 billion.

Strong and growing economies with visible private sectors, well functioning legal and administrative institutions; adequate infrastructure; broadbased support for objectives; understanding of long term benefits and social measures contribute to successful privatization. Other contributing factors are effective system of corporate governance; social safety net to protect redundant workers and participation and involvement of all stakeholders in the process.

Privatization requires changes at several levels. It needs to consider wide range of adjustment requirement of the privatized enterprise; appropriate measures for retrenched workers; and national economic and institutional environment. As a key alternative to job creation, he outlined possibility of creating new activities leveraging on unique internal skills, diversification into a new activity and identifying and fostering the development projects in the region.

The discussion that followed stressed that it is important to reduce the financial losses made by the public enterprises. Professor Goyal from India pointed out that South Asian experience shows that the privatization has not necessarily delivered the goods. It could be due to the lack of well-defined objectives and regulatory mechanism.

Dr. L. Mishra of India pointed out that Professor Bhalla did not elaborate on the lessons learnt from failures. He also raised a question regarding whether the presenters have an answer to minimize financial volatility resulting from large-scale scams. It was also pointed out that when privatization was pursued as a philosophy to get rid of mismanagement, especially in the social sector, desirable results have not been achieved.

Trade unions stressed that the policy makers should have a clear guideline for privatization. It is pursued in an extreme haste leading the workers to question the very motive behind the privatization.

A representative from the employers' organization stated that private enterprises may not operate in the backward areas where employment is needed.

The chairperson, Mr. I.P. Anand, concluded the session with remarks that it has become clear that even the state is incapable of delivering as a guarantor of social, political and common rights in all aspects of public life. Therefore, the role of the individual and economic entity has to be recognized. Privatization is an effort towards such a direction.

Country Presentation I - Bangladesh

Prof. Momtaz Uddin Ahmed, University of Dhaka presented the paper on *Privatization in Bangladesh.* He pointed out that both internal policy dynamics and external stimuli have encouraged privatization in Bangladesh. Internally, privatization has become an inescapable necessity to remove the huge fiscal and financial burden imposed by the loss making state owned enterprises (SOEs) by improving efficiency and facilitating higher economic growth for social transformation. The external stimuli were the result of donor pressure to introduce economic reforms designed to ensure macro-economic stability, liberalization of trade and increased external competitiveness of the economy.

Privatization in Bangladesh began in mid-1970s and evolved gradually through different phases marked by many ups and downs. A host of policies were formulated and implemented to encourage privatization under an overall private sector-led industrial growth regime. Direct sale of SOEs through international tenders has been the dominant method, followed by off-loading of publicly owned shares.

Economic and financial performance of the privatized SOEs has been mixed. However, a more systematic research needs to be carried out to reach any conclusive judgement.

Contrary to the prior optimism, privatization has led to a considerable loss in employment from labour retrenchment and closure of many enterprises. The total retrenchment has been estimated at 90,000 by the end of 1997. Currently, the government offers a “golden handshake” as a monetary compensation measure and arranges retraining for the retrenched workers. The government has formed a sizable Special Workers Fund for retraining. Although the training facilities are available, retrenched workers have to wait for about three years to get trained; and the prospects of redeployment are still not very good.

Representing the workers, Mr. Md. Asharaf Hossain of Bangladesh pointed out that workers in private sector are now getting less wages/benefits than in the state owned industries. In most cases, no compensation has been paid to the retrenched workers, and the idea of golden handshake has been a big failure. Hardly any compensation has reached the workers. Workers in privatized units are getting fewer wages than SOEs. When the workers leave their jobs, they are not paid their provident funds and gratuities. There are no provisions for retraining or alternative employment for retrenched workers He pointed out that public sector monopoly is being replaced by private sector monopoly and added that privatization has created more problems in the country. He also added that the paper failed to fully discuss the social effects of privatization on retrenched workers.

From the employers’ side, Mr. M. Aniz Ud Dowla of Bangladesh said that the progress in privatization has been slow and limited; and the privatization process has been fraught with ups and downs mainly due to political instability. He blamed absence of political support for the poor performance of the privatized companies. He also drew attention to the fact that the workers have failed to realize that privatization comes with some price and further added that the trade union’s viewpoint is prejudiced. He pointed out that private ownership now allowed in the energy sector has led to a huge flow of foreign investments. The energy sector in the next two years is expected to witness 3.5 billion-dollar investment. He said jute and textile industries, which consist of 50 per cent of the SOEs, have lost their viability due to antiquated technology in use. He also underscored the need for privatization of jute, textile, telecommunication, railways and power. Since PSEs have drained the economy, privatization ranks high as an agenda for high economic growth.

From the government side, Mr. Md. Abu Wahid of Bangladesh, suggested the integration of the Board of Investment and the Privatization Board.

The general discussion that followed focussed on the difference between golden handshake and Voluntary Retirement Scheme (VRS), causes for nationalization of privatized companies and the difference between privatization and re-privatization. A participant pointed out that a survey of 205 privatized units concluded that many of such units were performing very well. Private sector should be allowed into infrastructure, which still has had dismal performance. Another participant stated that political parties are inconsistent in their stance on privatization, and the results of privatization are mixed. More research needs to be done to ascertain the impact of privatization.

The Chairperson, Dr. L. Mishra, commented that the paper should have provided the evidence on the efficiency of the privatized units. Successive governments did not seem to have pursued privatization with equal vigour. High population adding to the already high level of unemployment requires careful examination of the strategies for maintaining jobs in the face of privatization.

Country Presentation I - India

On behalf of The Institute for Studies in Industrial Development, Professor S K Goyal presented the paper on *Privatization in India*. Two objectives appear to have been effectively pursued by government initiatives concerning privatization. One is resource mobilization by the government through transfer of public sector undertakings (PSU) equity to public sector financial institutions and mutual funds. Second is to honour the assurances that government had given during the Fund-Bank negotiations that India would take effective steps to reduce the role of the state in internal management of the economy.

Privatization has been strongly opposed by labour. There is bound to be conflict between the management and the trade unions if the two sides did not have regular communications. It has to be accepted by the government, workers and the public at large that privatization needs to be accompanied by restructuring of the existing regulatory mechanism. The new system must have well defined objectives and should allow total transparency and adequate powers to effectively administer the regulatory provisions of law and least possible discretion.

It has been accepted in principle by the government to pay cash compensation to workers under the Voluntary Retirement Scheme (VRS). The emphasis should be in seeking alternatives which provide an effective safety net that can ensure regular incomes to the retirees.

Representing the workers, Mr. Veereshwar Tiagi from India stated that the awareness about privatization is lacking in the country. He pointed out that privatization in India has been purely for commercial purpose. Private entrepreneurs are not able to meet all the requirements of the society. He noted that Trade Unions too are to be blamed as they have failed in educating workers on the necessity to work hard and honestly. He blamed the poor monitoring mechanism and political interference for the sad state of SOEs requiring privatization.

From the employers' side, Mr. B.P. Pant from India cautioned that the paper stokes fears of privatization. Creation of public sector came as a part of the development strategy when private sector was at its nascent state. Privatization was in response to the problems plaguing the public sector like overstaffing, bureaucratic red-tapism and political interference. He noted that pension scheme will be preferable to VRS while privatizing SOEs. He also pointed out that abolition of contractual labour has diminished employment opportunities for unskilled labour.

Representing the Indian government, Ms. C.L. Malviya mentioned the two government sponsored schemes for minimizing the social consequences - one is the Voluntary Retirement Scheme (VRS) and the other retraining scheme. A scheme called the National Renewal Fund is currently being implemented by the Department of Industrial Development, Ministry of Commerce and Industry as a safety net for the displaced workers. As a solution to the adverse effect, she suggested promoting self-employment by giving easy access to credit for workers.

The general discussion that followed focussed on the impact of privatization on labour in terms of retrenchment and accompanying confusion generated in implementing voluntary retirement scheme and golden handshake. It was observed that retraining and redeployment have not been taken up in a big way. If the social costs of privatization are not well assessed, it could result in social upheavals. A participant commented that people were paying for the monopoly cost of the public enterprises. He said all the costs should be brought into account.

The chairperson, Dr. L. Mishra, concluded the session by pointing out the need for regulation of privatized enterprises so that the public interests are not sacrificed. He suggested drawing a line between the state and market force and assign a role to each which they can discharge within their respective areas. On the issue of ideology versus quality, he said one need not be bothered about the ideology at this stage. He said concentration should be on quality. He also added that privatization is no recipe for fiscal deficit.

DAY 2: Thursday, 25 November 1999

Country Presentation II - Nepal

Dr. Narayan Manandhar from Industrial Relations Forum and Dr. Pushkar Bajracharya from Tribhuvan University, Nepal presented the paper on *Privatization in Nepal*. There is a sort of political consensus in Nepal on privatization amongst the major political parties though they differ considerably on the degree of emphasis and the mode of privatization. Nepali Congress, for instance, has taken privatization as a matter of "(internal) necessity" while the second largest party UML has taken it as "(an external) compulsion", pushed mainly by donors.

As provisioned in Article 14 of the Privatization Act, three policy measures have been opted for mitigating privatization related labour problems.

1. No redundancy clause: The workers have been guaranteed continuity of their services in privatized enterprises. Where the continuity of the services cannot be guaranteed, the government is to provide necessary retrenchment compensation.
2. Guarantee of accrued salary and benefits: The workers willing to continue their services will be guaranteed salaries and benefits "no less favourable" than what they earned under government ownership.
3. Availability of shares at a discounted price. In all privatized units, the government has allocated five percent of the total shares to workers at a discount of 25 percent payable on an installment basis.
4. Apart from these three provisions, the government has reduced the deposit money to Rs. 10,000 if the workers wish to participate in the bidding process.

It is very difficult to pinpoint the exact effect of privatization on total employment because both positive and negative factors are simultaneously at work. Some of the privatized units have been closed. If one includes employment figures in these closed units, then the total effect is substantial. Jobs of about 3,200 people have been directly affected by the closures of four units. However, if one excludes the closed units and seeks to analyze the total employment figure, the total effect is marginal. Interestingly, the total employment declined sharply in 1995 and, then after, there has been a gradual rise. This confirms the fact that, in the short run, privatization may heavily shed job but it need not be so in the long run.

Irrespective of the "no redundancy clause" job losses have occurred in almost all privatized units. However, the categories of people whose jobs were affected are not the ones at the top level or at the bottom. Basically, it is the people at the middle level, like the administrators, accountants and supervisors. There is a growing tendency among the new managers to go for contractual, temporary, daily wage, and piece rate wage hiring in the privatized units. This is a way to avoid long-term risk and commitment of carrying a permanent labour force. The rigidity of the Nepal's labour law is partly responsible for this type of managerial behavior.

Representatives from the government side in the meeting commented that privatization has been relatively successful. They pointed out that the employment situation had improved after the initial decline in the privatized units. It was confirmed that the justification for privatization was to reduce the fiscal deficit and lessened liabilities and risk for government. They claimed that privatization has been carried out in the most transparent manner in Nepal. The basic foundation of privatization in Nepal is to create an environment for efficient allocation of resources and not to drain resources on inefficient enterprises. Any subsequent deficiencies noticed in the operation of privatized enterprises may be due to the situation of competitive market rather than privatization per se. They also clarified the procedures followed in the privatization process.

Representative from the employers' organization commented that political intervention and low morale of the staff have led to stagnant public sector. Successive political changes and governments have caused delays in privatization thus affecting the morale of the workers in the SOEs.

The workers' representative stated that there is a need to introduce the privatization process carefully for safeguarding the interests of the workers and people. The monopolistic character of private sector and the unemployment situation in Nepal do not allow a fast process of privatization. Rather than the policy as such, its implementation has become very controversial because of several reasons. 1) Public enterprises were sold below the market price. 2) Promises concerning voluntary retirement and job security have not been kept. 3) There was no increase in competition in the economy but rather an increase in monopolistic tendency among the privatized units. 4) There has been a lack of social dialogue. The government should aim at an environment of consensus and not continue with any controversial programme. For that reason, a high level committee that includes the representatives of the Nepal Trade Unions was requested. Such a committee needs to ensure that the government assumes responsibility for the workers' welfare and create a safety net before handing over the enterprise.

At the end of the session, the Chairperson, Mr. Majyd Aziz from Pakistan, observed that although privatization in Nepal has appeared to be successful, the process of privatization itself needs substantial improvement. It was also stressed that unless the market does not become more competitive the results of privatization may not be satisfactory. The private sector has not had adequate experience in the subsectors being privatized. Therefore, the sector needs to strengthen through professional management. He also observed that there is a need to strengthen the privatization cell. For successful privatization, involvement of the workers and employers in the privatization process through social dialogue is crucial. He also stressed the importance of greater transparency and accountability.

Country Presentation II - Pakistan

The session was chaired by Mr. Majyd Aziz from Employers' Federation of Pakistan. On behalf of the author of the country paper from Pakistan (Dr. A.R. Kemal), Dr. Gopal Joshi, Senior Specialist on Enterprise and Management Development, ILO-SAAT presented the paper on *Privatisation in Pakistan*. Since the appointment of the Privatization Commission in 1991, as many as 106 public enterprises have been divested mainly through sealed bidding. The purpose for privatization was stated to be reduction of the debt burden and fiscal deficit. During the post-privatization period, investments, average growth rates of output, and employment have generally fallen. Thus, economic effects of privatization have been mixed. The objective of reduction in fiscal deficit has so far not been realized as it is still in the range of 6 percent. Because of monopolistic market structure the benefits in terms of productivity gains have not been realized either.

The social effects of privatization on employment have shown similar features. Since the manufacturing sector was the most affected one in terms of output decline, the decline in employment was also most serious in this sector. Whereas pre-privatization period employment in the manufacturing grew at the rate of 6.5%, its share declined by 13.5% after privatization. Small-scale industries were affected even more negatively than the larger units.

During the meeting, there was no representation from the side of the government, although it was invited. Workers' representative stated that prior to privatization, the government tried to give the impression that all the problems of SOEs would end once privatization is carried out. It was claimed that privatization would create more jobs and prices would come down and productivity will rise. All these promises have not yet been fulfilled. The process of privatization has been influenced by nepotism and corruption. No assessment was made about the competence of the buyers in operating the enterprise being privatized. The worst feature of bad policy making has been the complete neglect of the economic well-being of the workers. It was agreed between Privatization Commission and All Pakistan State Enterprise Workers Action Committee in 1992 that the existing benefits to the workers would be continued. Those leaving the job will be given a golden handshake. Not in a single case in Pakistan has this formula been applied, nor did the workers get paid the last salary. Benefits to the workers have been drastically reduced. The industrial relations climate has been anti-labour and against trade unions. There is a clear need for a transparency in the privatization process. The privatization cell needs to provide socially responsible solutions.

Speaking on behalf of the employers, the chairperson stated that the privatization process has turned into a charade due to the absence of transparency. The negative consequences of the process were magnified and the adverse social effects were highlighted as failure of the private sector in bringing forth prosperity that privatization was touted to bring. There has been a lack of coherent, sustained policies in privatization. In addition, the legal framework is imperfect as it allows corruption, nepotism, cronyism and blatant abuse of discretionary powers.

Privatization requires a new approach, which is more transparent, and where the government's funds received from privatization would be invested for social purpose (education, health, welfare). The privatization cell needs to be independent from government control. Economic advisors should be appointed by the government so that the process of privatization of specific units are effectively monitored for a specific period. There is a strong need for regular audits by independent bodies. The safety net being provided by the government for retrenched workers need to improve for ensuring retraining or redeployment.

During the follow-up discussion, representatives from the trade unions mentioned that social dialogue is severely restricted in Pakistan where the government has refused the presence of any trade union in several sectors. One of the government representatives emphasized that the report on privatization has not sufficiently analyzed the context of Pakistan's economic development.

Country Presentation III - Sri Lanka

This session was chaired by Mr. P Devraj, vice-president, Ceylon Workers' Congress, Sri Lanka. Ms Rozana Salih, Institute of Policy Research, Sri Lanka presented the paper on *Privatization in Sri Lanka*. Privatization has been pursued aggressively in Sri Lanka since 1989. Key preparations for privatization began from the early 1980s. They included improving the commercial orientation of the SOEs, abolishing public sector monopolies, transferring the management of loss-making firms to the private sector on a contract basis, etc. The president appointed a committee in 1987 to prepare a general framework within which privatization was to be conducted. The guidelines were broad and by and large failed in practice when it came to the handling of surplus labour. No defined regulatory and coherent framework was set up during this process, the planning of privatization therefore was rather contradictory. The dominant form of privatization was divestment of shares.

The social effects of privatization are numerous, such as, on workers (both directly and indirectly employed by the SOEs), and consumers (via changes in prices, quality of products, accessibility, etc). At the time of privatization, a critical question the government faced was how to handle the issue of mainly unskilled surplus labour. The compensation package was considered by workers to be insufficient. This gave rise to the eventual adoption of various ad hoc packages whose value rested mainly on the bargaining power of the trade unions. One clear trend in the mainly monetary compensation packages paid since 1989 has been that it has gradually increased over time. The basic package has increased from roughly 17 months salary to 53 months from 1989 to 1997.

Retrenchment of the workers, where it was followed, has led to another sort of dilemma. Most new owners of enterprises where workers had already been retrenched found that the retrenchment process had concentrated on getting the number of workers down, regardless of their type. Some new owners have had to rehire workers with skills identical to that of those retrenched before privatization.

The Sri Lankan experience in handling labour issues during privatization highlights the importance of carefully considering labour issues before and during the transaction process. Ad hoc formulas and piecemeal legislative changes only confuse the parties involved and increase worker hostility towards privatization. Lessons learnt through involving unions and workers in the privatization process need to be applied for increasing worker and public awareness regarding the privatization process in the future.

Employers' representative stated that restructuring should be accompanied by complimentary changes in legislation, previously set up in the context of nationalization. Present legislation forbids employing people on a part-time basis. A new exit policy, with possibilities to employ workers on contractual basis will reduce costs of uncertainty for the employers. It was also emphasized that retrenchment should not affect society negatively. The absence of a mode of calculating compensation to be paid still remains a major 'lacunae', and the government's authority to decide upon the quantum of compensation is by far not efficient. In order to minimize social effects of privatization, the establishment of a 'safety net' is crucial. Several schemes have been recommended for implementation. One such scheme is the establishment of the 'Skills Development Fund' that aims at supporting job entry and enterprise based training as well as linkages between training institutions and private enterprises. Additionally, joint activities with the private sector and international funding agencies are planned; such as, the Skills Development Fund Ltd. In this initiative it is hoped that trade unions too will be involved. Another good example where joint efforts have been made for a socially responsible privatization policy is the plantation sector. Finally, there is a clear need for reforms in civil service and governance, which are vital for credible policy initiatives.

Government representative pointed out that the rehabilitated companies have been performing badly. Statutory wages and provident fund benefits for the workers alone will cost the government around Rs. 8 billion. Besides, these companies have no defined local market due to import influxes (especially textile companies). Therefore, the government has now decided to close down these firms and pay workers the compensations. This is a decision that comes too late. The government has already incurred considerable costs and must now incur retrenchment compensation. Those workers, who have received stocks as compensation, need to be educated on shares and the share market. The dialogue between union and PERC (Public Enterprise Reform Commission) is essential. TEWA (Termination of Employment of Workmen Act) needs to be modified, not repealed. Authorities have to be appointed who carry out the monitoring of privatization.

Social impact should be seen in a wider context, not just in terms of job losses. The wider effect of privatization has to be borne in mind, such as, consumer rights, their access to quality products, quality of life of workers etc. All of these have been deteriorating. The need to liberalize does not automatically mean privatization of public enterprises. Competition with the public sector companies could be another possibility.

Workers' representative stated that corruption should be eliminated, and transparency needs to be maintained. Social dialogue has been lacking in pre-privatization period as well as during privatization. He pointed out that despite the absence of a social dialogue, earlier government policy was much more in favour of labour than the present one. There is a clear need for more transparency as well as proper planning for privatization. Large amounts of money have been lost due to hasty privatization. Civil service and governance should improve. Political interference needs to be minimized. Plantation worker welfare, as a result of privatization, has not improved but rather worsened. When the private sector is given the responsibility of managing funds meant for workers' welfare (sponsored by government or NGOs), they tend to delay spending and instead use it for easing their own liquidity constraints. Monitoring/regulations are important, and careless privatization increases worker resentment and social tension.

During the subsequent discussion, it was mentioned that it is crucial to plan when, what and how public sector enterprises are privatized. Careful planning includes also launching schemes on skill development and HRD, directly linked to market needs. A question was raised as regards the factors behind the pace of privatization. It was also mentioned that the net effect of privatization in terms of enterprise performance, on deficit or on workers has not been discussed enough.

The author clarified that the net result of the process of privatization is not clear. To draw conclusions at an aggregated level is methodologically not adequate as statistics are limited not only at an aggregated level but at enterprise level as well.

Panel Discussion I : Restructuring of Public Enterprises

This session was chaired by Professor G.S. Bhalla, Jawaharlal Nehru University, India. Mr. Raphael Crowe, Senior Specialist on Employers' Activities, ILO-SAAT gave an introduction to the issue of restructuring private enterprises. Mr. Crowe stated that privatization is at the heart of plans for the economic regeneration of a number of countries which are trying to establish a place in the global economy. The relevance of privatization to employers is well reflected in a number of conclusions from key employers' workshops in the South Asian subregion and at international employers' meeting. A key resource document for the International Symposium on the future of employers' organization held in April 1999 in Geneva was a "global survey of employers' organizations." It listed privatization as one of the important market issues of the future.

It is, however, surprising that employers continue to be excluded from the process of retrenchment and privatization in spite of the positive role employers and their organizations could play as one of the three social partners of the ILO. Admittedly, many of the ILO studies, with the exception of those specifically commissioned by the Bureau of Employers' Activities, have tended to highlight the importance of including the trade unions and the management of the public sector enterprises involved in the process, but have tended to ignore the importance of specifically involving employers' organizations who represent private employers.

It is the ILO belief that any process of change in society is better conceived and implemented if the parties affected most by the change are involved and consulted during the process. The ILO believes that through social dialogue, socio-economic policy will be more soundly based and have a better chance of sustainability in the long run. As a consequence, employers' organizations should therefore be fully involved from the start in the privatization process. This is particularly so in South Asia where the governments, theoretically at least have national, state and local tripartite consultative mechanisms in place and have accepted the merit of tripartite dialogue. In the region, the market may have forced for a quick privatization process hindering the social dialogue.

Almost universally, there is a demand for more transparency about the process of privatization not only for efficiency reasons, but also on the basis that society and representative groups in society are entitled to adequate information when public assets are involved. With notable exceptions, employers' organizations have been generally disappointed by governments' attitude towards the involvement of employers in drafting privatization regulations.

Regarding the issues of redundant workers, preparation and training of managers to cope with new forms of industry and with the new competitive environment, employers' organization can play a useful role. It would therefore seem logical that employers and their organizations should be consulted and their advice and assistance sought by those undertaking privatization.

During the panel discussion, Ms. C.L. Malvia, representing the Indian government, stated that the whole idea behind restructuring public enterprises is to do something about loss-making units since there are no takers of those units as they stand. Therefore, if we make them at least commercially viable, they have better prospects of ownership transfer. With restructuring, units are modernized, made more competitive and there is an increase of more operational autonomy like in appointing a management that is accountable for its performance.

But there are public sectors where privatization should not be undertaken. For India, drinking water management or public transport or sanitation, which are unlikely to be commercially profitable ventures, will be such sectors. The investments are huge and the rate of returns low in such sectors.

Mr. Veereshwar Tiagi from India, representing the workers, stated that public sector undertakings have been since long suffering from poor management. The PSEs are state-owned, but they should not be state-controlled; and they should be allowed a certain degree of autonomy. Scientific staffing pattern should be enforced, instead of overstaffing these state enterprises. Due to frequent changes of governments, political interference in the management of the PSEs have caused abuse of PSE resources. If no remedial measures are taken in the initial stage, the sickness becomes deep-seated and later cannot be cured. Participation of labour in management should be allowed in all industries. Intensive industrial training that includes also vocational training should be provided to the labourers before retrenchment.

Mr. M.A. Ud Dowla from Bangladesh, representing the employers, stated that privatization should not be understood as only one strategy. Restructuring is another strategy that has been utilized in South Asia. The rationale behind restructuring and privatization is to avoid pains after the transfer of ownership, fetch good price during divestiture and ensure a long-term success and better chance of survival of the enterprise. The technical restructuring will require balancing and modernization, and improvement in productivity. Human resources may need to be redeployed, and in some cases reduced. Training and skills development of the workers are essential. Leasing and franchising could be possible ways of restructuring before the unit is divested. A slow process of divestment would be ownership transfer through gradual sales of shares and simultaneously restructuring of the board of directors.

During the subsequent discussion, a participant cautioned that in South Asia the western model of privatization cannot succeed. For the time being the countries have to live with both the public and private sectors.

It was also emphasized that restructuring should not happen at the cost of consumers or employment. However, socially responsible solutions for restructuring seem difficult to be implemented. There are no mechanisms for social security so far. Plan of restructuring should be linked to social security schemes, and resources have to be allocated.

Day 3: Friday, November 26,1999

Panel Discussion II: Regulatory Reform

The session was chaired by Mr. Anis Ud Dowla, representative of Bangladesh Employer's Federation. Dr Gopal Joshi, Senior Specialist on Enterprise and Management Development, ILO-SAAT introduced the session by presenting his paper on regulatory reform. Mr. Joshi stated that regulatory reform is like a traffic rule for privatized enterprises, remaining public enterprises and the government, whereby the market forces are strengthened and the government's role is limited. The reforms may take two forms 1) Reforms of existing regulations to facilitate entry of private enterprises in previously restricted subsectors. 2) Government intervention in running economic enterprises is reduced and an entirely new set of policies with an independent regulatory mechanism is created.

Regulatory reforms also provide a sort of guidance for governments, workers and employers in the privatization process. The regulatory reform should clarify the rules of entering the subsector and carrying out the economic activities rather than leaving them under the discretion of bureaucracy or political leaders. Pricing of products and services, particularly in the sub-sectors where natural monopolies are existent, would be determined in a fair way. This would provide reasonable returns on investment without excessive profiteering. Finally, workers' and consumers' interests are safeguarded from sudden excessive burden of privatization, possibly through safety net measures.

Although there are many common features in most of the reforms, the requirements of reform across various subsectors are never the same. Various subsectors may require various specific policy measures due to the issues relating to the natural monopoly, public investment or public interest. Therefore, careful subsectoral analysis is useful for the reforms to be undertaken before privatization. Reforms may be viewed as the process of privatization themselves since liberalization takes place. However, successful privatization without reform is difficult to visualize. If carried out in a transparent and accountable manner, reforms can also hasten privatization.

Regulatory reform should constitute three levels of actions:

- Formulation of a policy for the subsector
- Setting up of a Regulatory Body with its statutory mandate
- Representation of all social partners in the regulatory Body

It is very essential to have transparency, accountability and representation in the reform process. Transparency cannot be guaranteed fully without the workers and employers being integrated in a functioning social dialogue. A regulatory body should be set up outside the influence of politicians and bureaucracy. It should have an independent status similar to a court so that its actions are not challenged in the court or are not overturned by bureaucrats or politicians. Regulatory reform, however, is an ongoing process with constant need for fine tuning and adjusting.

During the discussion, workers' representative emphasized the need for an independent regulatory body which is not controlled and regulated by the government. The set up of such a body which is accountable, efficient and transparent needs to be carefully planned for successful implementation. He also mentioned that a total withdrawal of government control also involves risks. There is a need for a regulatory framework as it provides internal stability. The government representative from India pointed out that the question of practicability of a regulatory body is very important. Workers' representative from Sri Lanka pointed out that there is actually a need for more regulation when reforms of public enterprises are introduced. He mentioned that labour laws are not otherwise followed by the entrepreneurs. There is also a need for a set up of a functioning monitoring mechanism on a sector wise basis.

Panel Discussion III - Social Effects of Privatization

This session was chaired by Mr. S. K. Goyal of India. Mr. D.P. Naidu, Workers' Specialist, and Mr. Saarthi Acharya, Labour Market Specialist, both at ILO-SAAT New Delhi, introduced the subject for discussion. Mr. Naidu emphasized the need for examining the alternatives to outright privatization. Privatization should have been much smoother than it has been since social dialogue has not been pursued in all cases. Unions and workers would be able to suggest alternatives to outright closing down the units or large-scale retrenchment. For socially responsible solutions while restructuring, it is essential to rebuild a social dialogue, which includes trade unions. Issues like effectiveness of compensation packages provided to workers could be the basis for a dialogue, such as, in India. VRS or compensation packages should be designed in a way that social problems would have been minimized. The complexity of retirement and compensation schemes has not been sufficiently examined. Past and current privatizations have not paid close attention to the issues like the right for housing, insurance, and health care, which are lost as soon as workers are retrenched. There is no social safety net in place to protect the workers from the adverse effect of privatization. Training and counseling facilities have been largely inaccessible for most of the workers affected by privatization. There has been less clarity as regards how the costs involved in retraining and redeployment would be covered.

Making introductory presentation on the topic, Mr. Saarthi Acharya pointed out that no-redundancy clause is required for minimizing the social consequences. The issue of labour retrenchment has been found all over the region, but there are variations in how the problem has been addressed so far. A very useful way of avoiding mass retrenchment would be in-house training as it has been practiced in Japan and East Asia.

The whole rationale of inflexibility and high labour costs however is by far overweighed for the South Asian region as soon as the cost-structure of firms is taken into account. Labour costs account for not more than 15-20 percent. Cost cutting through retrenchment, as several studies showed, would not be more than 3 percent. Thus, it raises the question as to whether labour retrenchment is the effective way of cost cutting. Some more analysis in this field would clearly be necessary.

Actual rehabilitation is needed in case retrenchment takes place. A functioning and independent commission which monitors the process of privatization is required which is in-built in a regulatory framework that covers needs of workers being retrenched. The solution of self-employment has to be considered in a realistic manner, as after a certain age, former public sector workers may have difficulties in securing self-employment. Distinct possibilities are therefore needed. Retraining within the firm is needed. They should be able to develop a wide range of skills so that their qualification matches the demand. This is a very crucial and sensitive issue. Retraining facilities should be linked to a market information system so that efficiency of labour exchange improves. It is also absolutely central to rethink the concept of social protection as retrenched workers fall out of existing social facilities (insurance, health care, education, etc.) which are provided by the PSEs when they lose their jobs. Those social facilities should be improved so that livelihood of the whole family would be less severely affected by the retrenchment of the specific worker.

In order to finance such facilities, a central pool could be set up which is financed by tax incomes as well as partly by the employers and workers. The question of financing retraining facilities also needs to be worked out.

During the discussion, workers' representative (Mr. Md. Ashraf Hossain from Bangladesh) mentioned that privatized units were increasingly making profits since privatization. The profit gained was, however, not shared at all with the workers.

Mr. W.M.K.L. Weerasinghe from Sri Lanka, representing the employers, stated that solution for workers' retraining and redeployment can not be worked out without the private sector. In Sri Lanka for instance, a skills development fund has been established which was set up by the government and co-funded by employers. He also pointed out that trade unions should be involved. Private sector should not be considered as only financial resources to cover social costs. Trust funds or pension schemes for unemployed could be set up.

Mr. Mahmood Ahmed Qureshi from Pakistan, representing workers' organization, expressed his agreement that a macro-perspective is needed to be added in the discussion.

Annex 1

PROGRAMME

Subregional Meeting on Privatization in South Asia

Social Effects and Restructuring

Kathmandu (Hotel Blue Star) 24-26 November 1999

24 November 1999

0745-0845 hrs. Closed meetings of the representatives of governments, employers and workers for selecting their respective representatives for panel discussions and closing statements

0845-0915 hrs. Registration

0915-1100 hrs. **Opening Ceremony**

Welcome/Introductory Address by Mr. A. S. Oberai, Director ILO-SAAT

Remarks by Workers' Representative Mr. I. D. Mishra,

Vice President, Nepal Trade Union Congress (NTUC)

Remarks by Employers' Representative Mr. P. K. Shrestha

President, FNCCI

Inauguration of the Sub-regional Meeting and Keynote Address by the Chairperson – Hounarable Finance Minister of Nepal Mr. Mahesh Acharya

Vote of Thanks by the officer-in- Charge of the Office of the Senior ILO Adviser in Kathmandu – Mr. H. S.S. Fonseka.

1100-1130 hrs. **Tea Break**

1130-1230 hrs. **Overview Presentations**

Chairperson: Mr. I. P. Anand, ILO GB Member

Presentation of the overview paper (Privatization in South Asia) by Mr. Gopal Joshi, Senior Specialist on Enterprise and Management Development together with Prof. G. S. Bhalla, Jawaharlal Nehru University (15 minutes)

Presentation on global perspective and lessons learned on privatization by

Mr. Michael Henriques, Director, Job Creation and Enterprise Department, ILO Geneva (15 minutes)

Discussion (20 minutes)

Concluding Remarks by the Chairperson (10 minutes)

1230-1330 hrs. **Lunch**

1330-1500 hrs. **Country Presentations I**

Chairperson: Dr. L. Mishra, Secretary, Ministry of Labour, India

A . Privatization in Bangladesh

Paper presentation by Prof. Momtaz Uddin Ahmed, University of Dhaka

(20 minutes)

Remarks by Representatives of Government, Employers and Workers from Bangladesh (30 minutes total)

Open Discussion (30 minutes)

1500-1530 hrs. **Tea Break**

1530-1700 hrs. **Country Presentations I (contd.)**

B . Privatization in India

Paper presentation by Prof. S.K. Goyal, The Institute for Studies in Industrial Development (20 minutes)

Remarks by Representatives of Government, Employers and Workers from India

(30 minutes total)

Open Discussion (30 minutes)

Concluding Remarks by the Chairperson (10 minutes)

25 November 1999

0900-1230 hrs. **Country Presentations II**

Chairperson: Mr. Majyd Aziz, MHG Group of Companies , Pakistan
C. Privatization in Nepal

Paper presentation by Drs. Narayan Manandhar and Pushkar Bajracharya

(20 minutes)

Remarks by Representatives of Government, Employers and Workers from Nepal (30 minutes total)

Open Discussion (30 minutes)

D . Privatization in Pakistan

Paper presentation by Dr. A.R. Kemal, Planning Commission, Pakistan (Presented by Mr. Gopal Joshi, ILO/SAAT on behalf of Dr. Kemal) (20 minutes)

Remarks by Representatives of Government, Employers and Workers from Pakistan (30 minutes total)

Open Discussion (30 minutes)

Concluding Remarks by the Chairperson (10 minutes)

1230-1330 hrs. **Lunch**

1330-1500 hrs. **Country Presentation III**

Chairperson: Mr. P. Devaraj, Vice President, Ceylon Workers' Congress, Sri Lanka

E . Privatization in Sri Lanka

Paper presentation by Ms. Rozana Salih, Institute of Policy Studies, Sri Lanka (20 minutes)

Remarks by Representatives of Government, Employers and Workers from Sri Lanka (30 minutes total)

Open Discussion (30 minutes)

Concluding Remarks by the Chairperson (10 minutes)

1500-1530 hrs. **Tea Break**

1530-1700 hrs. **Panel Discussion I - Restructuring of Public Enterprises**

Chairperson: Prof. G.S. Bhalla, Jawaharlal Nehru University, India

Introduction to Issues by SAAT Specialist (Mr. Raphael Crowe, Employers' Specialist) (15 minutes)

Panel Discussion by - (30 minutes total)

Government Representative – Ms. C. L. Malvia, India

Workers Representative - Mr V. Tiagi, India

Employers' Representative – Mr. M.A. Ud Dowla, Bangladesh

(30 minutes total)

Concluding Remarks by the Chairperson (15 minutes)

26 November 1999

0900-1030 hrs. **Panel Discussion II - Regulatory Reform**

Chairperson: Mr. M.A. Ud Dowla, Bangladesh Employers' Federation, Bangladesh

Introduction to Issues by SAAT Specialist (Mr. Gopal Joshi, Enterprise and Management Development Specialist) (15 minutes)

Panel Discussion - (30 minutes total)

Government Representative – Ms. N. De Silva, Sri Lanka

Workers Representative - Mr. M. A. Qureshi, Pakistan

Employers' Representative – Mr. M. Aziz, Pakistan

Open Discussion (30 minutes)

Concluding Remarks by the Chairperson (15 minutes)

1030-1230 hrs. **Panel Discussion III - Social Effects of Privatization**

Chairperson: Prof. S.K. Goyal, The Institute for Studies in Industrial Development

Introduction to Issues by SAAT Specialist (Mr. D.P.A. Naidu, Workers' Specialist) (15 minutes)

Panel Discussion by - (30 minutes total)

Government Representative – Mr. M. A. Waheed, Bangladesh

Workers Representative - Mr. Md. A. Hossain, Bangladesh

Employers' Representative – Mr. W.M. K.L. Weerasinghe, Sri Lanka

Open Discussion (30 minutes)

Concluding Remarks by the Chairperson (15 minutes)

1230-1330 hrs. **Lunch**

1330-1500 hrs. **Panel Discussion IV - Social Dialogue**

Chairperson: Ms. Rozana Salih, Institute of Policy Studies, Sri Lanka

Introduction to Issues by SAAT Specialist (Mr. A. Sivananthiram, Industrial Relations Specialist) (15 minutes)

Panel Discussion by - (30 minutes total)

Government Representative – Ms. M. Madihahewa, Sri Lanka

Workers Representative - Mr P. Devaraj, Sri Lanka

Employers' Representative – Mr. B. P. Pant, India

(Open Discussion (30 minutes)

Concluding Remarks by the Chairperson (15 minutes)

1500-1530 hrs. **Tea Break**

1530-1700 hrs. **Closing Session**

Chairperson: Mr. R. B. Gurung, Honourable State Minister for Labour HMG/Nepal

Statements by Representatives of (10 minutes each):

- Government Representative - Mr. T. R. Basyal, Nepal
- Employers Representative – Mr. A. Aziz, Pakistan
- Worker Representative – Mr. V. Tiagi, India

  Remarks by Chairperson

Closing Remarks by Mr. A.S. Oberai, Director ILO-SAAT

1700-1730 hrs. **Tea**

Annex 2

List of Participants

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