

Committee on the Application of Standards

Date: 18 May 2025

Governments appearing on the preliminary list of individual cases have the opportunity, if they so wish, to supply on a purely voluntary basis, written information before 19 May 2025.

► Information on the application of ratified Conventions supplied by governments on the preliminary list of individual cases

Nepal (ratification: 1996)

Right to Organise and Collective Bargaining Convention, 1949 (No. 98)

The Government has provided the following written information.

Context

The Government submits this detailed report to the Committee, outlining its continuing efforts to implement the Convention. The Government expresses appreciation to the Committee of Experts on the Application of Conventions and Recommendations for its ongoing observations and technical guidance, which have served as essential tools for strengthening the domestic implementation of international labour standards. Nepal remains fully committed to upholding the principles of the Convention and has undertaken significant legislative, institutional, and practical steps to improve protections related to anti-union discrimination, prevent acts of interference, and promote free and fair collective bargaining mechanisms.

Article 1 – Protection against anti-union discrimination

With respect to Article 1 of the Convention, which relates to protection against anti-union discrimination, the Government reaffirms that this principle is firmly embedded in its national legal framework. Both the Labour Act, 2017, and the Trade Union Act, 1992, contain provisions designed to safeguard workers from being discriminated against on the basis of their trade union affiliation or activities. Nonetheless, gaps remain in the practical enforcement of these legal safeguards and that further efforts are needed to ensure consistent and comprehensive protection for all workers. Accordingly, a revision of the Labour Act is under way with a view to bolstering these protections and addressing ambiguities or deficiencies in the current framework.

To advance this reform process, a tripartite task force was established, including representatives from the Government, employers, and workers. This task force has been given the mandate to examine the existing legislative provisions and propose amendments that

would better reflect the obligations under the Convention. Formal calls for submissions were made to the national representative organizations of workers (the Joint Trade Union Coordination Centre (JTUCC)), which encompasses all major trade union federations, including the General Federation of Nepalese Trade Unions (GEFONT), and employers (the Federation of Nepalese Chambers of Commerce and Industry (FNCCI)). In addition, a public notice was issued to invite recommendations from the broader community, including civil society organizations, trade union activists, and independent stakeholders. The Ministry of Labour, Employment and Social Security has since received written submissions, which are now being thoroughly reviewed by the tripartite task force. These discussions are ongoing, with the task force having already conducted several rounds of focused dialogue to ensure that all voices are heard and reflected in the forthcoming amendments.

While legal reforms are being considered, the Government has simultaneously taken action to enhance enforcement of existing protections. In particular, the Department of Labour and Occupational Safety (DoLOS) has conducted regular targeted training and awareness programmes designed for labour inspectors, trade union officials and employers on an annual basis. These programmes have aimed to increase awareness of legal protections against anti-union discrimination and to foster a culture of compliance and mutual respect. In collaboration with social partners, joint awareness campaigns have also been carried out at the national and regional levels. These campaigns emphasize workers' rights under the law and underscore the Government's zero tolerance policy toward discriminatory practices that obstruct the exercise of freedom of association.

In practical terms, the Government has acted swiftly in recent cases involving allegations of anti-union discrimination. Two examples involved the unauthorized transfer of elected trade union officials, one in a prominent commercial bank and another at a medical college. In both cases, the trade union leaders were transferred without their consent, raising serious concerns under section 23A of the Trade Union Act, 1992, which clearly states that enterprise-level trade union office-bearers cannot be transferred or promoted without their consent except in special circumstances. Upon investigation, the DoLOS found both transfers to be unlawful and promptly intervened. The Department issued official directives ordering the reversal of these actions and affirming the legal protections afforded to union leaders. These interventions not only rectified the individual violations but also sent a broader message regarding the Government's commitment to enforcing anti-discrimination protections in practice.

Article 2 – Protection against acts of interference

Regarding Article 2 of the Convention, which addresses the need to protect workers' and employers' organizations from interference, the Government has made significant institutional improvements. Chief among these is the enhancement of the integrated labour management information system (ILMIS), which has been upgraded with technical assistance from the ILO and in consultation with national stakeholders. The ILMIS now includes a fully functional electronic case management component accessible online. Through this system, workers and stakeholders can submit complaints electronically, including those related to interference by employers or other parties in trade union activities. Importantly, the system allows anonymous submissions, thereby increasing accessibility and protecting workers from retaliation. The data submitted through the system is securely stored and systematically tracked, allowing for more efficient follow-up, analysis and resolution by the relevant authorities.

In addition to improving complaint mechanisms, the Government has institutionalized capacity-building programmes focused on the prevention of interference in trade union activities. These training sessions, financed through the Government's annual budget, have

become a regular feature of the work plans of the DoLOS, and labour and employment offices across the country. Labour inspectors are trained to identify and address both overt and subtle forms of interference in the exercise of trade union rights. These efforts contribute to a more effective monitoring system and increase compliance with the relevant provisions of national and international labour standards.

Article 4 – Promotion of collective bargaining

Turning to Article 4, which calls for the promotion of voluntary collective bargaining, the Government of Nepal confirms its full support for this principle and has taken a range of steps to institutionalize and promote effective bargaining practices. The Labour Act and the Trade Union Act both provide the legal basis for collective bargaining, and the Government has implemented administrative mechanisms to facilitate fair elections to identify the most representative trade union at the enterprise level. In the current fiscal year (2024/25), which began in July 2024, a total of 31 trade unions have been certified as authorized bargaining agents in their enterprises following enterprise-level elections or where a single union is present in the establishment. During this same period, 53 collective agreements have been officially registered with the labour and employment offices.

These figures reflect continued progress in institutionalizing collective bargaining practices across the country. As of the end of the previous fiscal year, a cumulative total of 1,018 enterprise-level collective agreements had been registered. Previously, data on these agreements were collected manually, leading to incomplete records in cases where agreements were not physically submitted. To address this issue, the Government is currently upgrading the ILMIS system to allow for digital registration and systematic tracking of collective bargaining agreements. This upgrade will support the generation of accurate, disaggregated data on collective bargaining and enable better monitoring and evaluation of trends and outcomes in this area.

Although enterprise-level collective bargaining has become more common, sectoral or group-level bargaining remains underutilized. Section 123 of the Labour Act, 2017, permits such bargaining where enterprises operate within the same sector or produce similar goods or services. Despite this provision, no sectoral agreements have been registered to date. The Government acknowledges the need to better operationalize this provision and is actively considering revisions to section 123 as part of the Labour Act reform process. The aim is to create a more enabling environment for sectoral bargaining by clarifying procedures, roles and responsibilities. Consultations with the JTUCC, FNCCI, and other social partners are ongoing in this regard, and the Government remains committed to aligning its legal provisions with the requirements of the Convention.

The Government is also reviewing its approach to dispute resolution and compulsory arbitration. Concerns have been raised about the scope of compulsory arbitration and its potential to limit the voluntary nature of collective bargaining. These concerns are being taken seriously, and the Government is currently reviewing the relevant provisions in close dialogue with social partners. Proposals have been submitted to limit the use of compulsory arbitration and to ensure that it is only used as a last resort in clearly defined circumstances. At the same time, the Government is developing a new arbitration procedure that emphasizes impartiality, transparency and adherence to international fair trial standards. This initiative has been included in the Government's annual budget and programme for the upcoming fiscal year beginning in July 2025.

The new procedure will establish independent and transparent mechanisms for the appointment of arbitrators and the conduct of arbitration proceedings. It will help to ensure that both workers and employers can have confidence in the neutrality and fairness of the arbitration process. The Government has expressed its strong interest in continuing to receive technical assistance from the ILO in this area, particularly in designing institutional frameworks, training arbitrators and building public awareness.

Conclusion

In conclusion, the Government reaffirms its full commitment to the principles enshrined in the Convention. Considerable progress has been made in strengthening the legal framework, institutional capacity, enforcement mechanisms and data systems necessary to protect freedom of association and the right to collective bargaining. Ongoing legislative reforms, improved complaint and monitoring systems, targeted training and strong collaboration with social partners reflect a comprehensive and sustained approach. The Government will continue to promote constructive social dialogue, support the empowerment of trade unions, and ensure that both employers and workers can exercise their rights in a fair and equitable environment. Future reports will provide updated information, and the Government looks forward to maintaining its cooperative engagement with the ILO and its supervisory bodies.