

Formalizing Informal Economy



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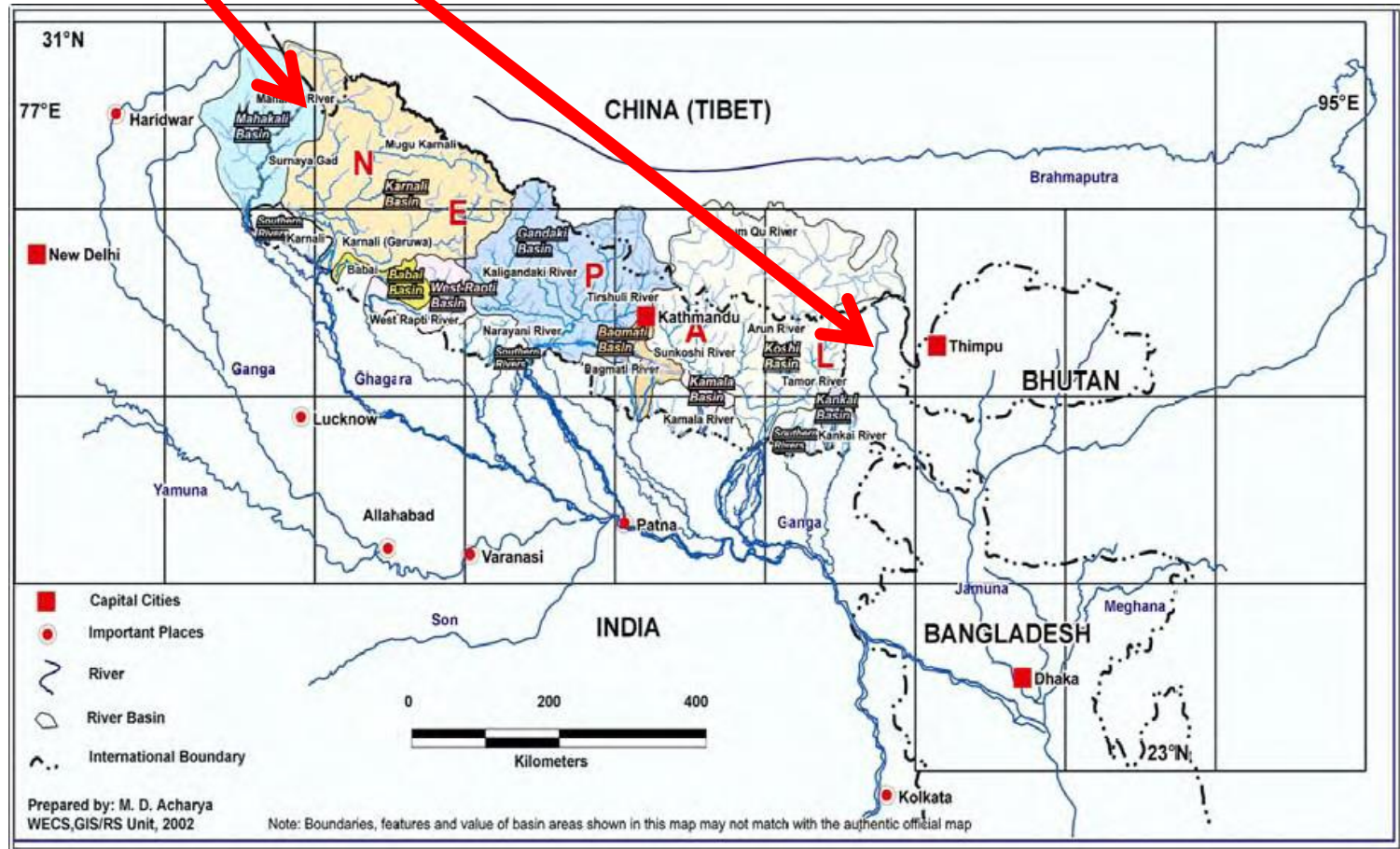
Latitude: $26^{\circ} 22' \text{ N}$ to $30^{\circ} 27' \text{ N}$
 Longitude: $88^{\circ} 4' \text{ E}$ to $88^{\circ} 12' \text{ E}$

Area: **147,181** Sq. Km.

Length: 885 Km. (East to West)

Width: Non-uniform, mean width of **193** Km. North to South

Altitude: from **70** meter amsl to **8848** meter amsl





Introduction



- ❑ Area- 147,181 sq. km., country of the Mt. Everest
- ❑ Population 26.4 million (CBS 2011)
- ❑ Growth rate: 1.35%,
- ❑ 45th biggest in population, 95th in terms of Area
- ❑ Borders with India in the South, East and West; with China in the North





Introduction



- ❑ Urban population:20%
- ❑ Life expectancy 65 yrs
- ❑ literacy 66%
- ❑ Per capita income is US\$ 721 with a gross domestic product (GDP) growth rate at 3. 6 per cent in 2012-13
- ❑ 25 per cent of Nepalese living below the poverty line.
- ❑ Nepal, the birth place of Lord Buddha, is famous for beautiful scenery, especially the spectacular Himalayan mountains,





Employment and Labour market Situation



Estimated Work force	Total	Total Employment	
		Informal Workers	Formal Workers
Economically Active Population	15,000,000		
Work force in Foreign Employment	3,000,000		
Workforce remained in the country	12,000,000		
Primary	7,200,000 60%	6,840,000 95%	360,000 5%
Secondary	1,800,000 15%	900,000 50%	900,000 50%
Tertiary	3,000,000 25%	2,100,000 70%	900,000 30%

Joint Trade Union Coordination Center (JTUCC)



1. General Federation of Nepalese Trade Unions (GEFONT)
2. Nepal Trade Union Congress (NTUC)
3. All Nepal Federation of Trade Unions (ANTUF)
4. National Democratic Cofederation of Trade Unions (NDECONT)
5. Nepal Democratic Trade Union Federation - Independent (NDECONT-I)
6. National Democratic Federation of Nepalese Trade Unions (NDFONT)
7. Nepal Inclusive Trade Union Confederation (INTUC)
8. Confederation of Nepalese Professionals (CONEP)
9. Madhesi Trade Union Confederation (MTUC)
10. National Employes Federation of Nepal (NEFON)
11. Nepal Trade Union Federation (NTUF)
12. Federation of Nepal Progressive Trade Union (FINEPT)

Major Trade Unions of Nepal



Among JTUCC Member 4 are major Trade Union Confederations of Nepal in terms of membership drive. They are :-

- General Federation of Nepalese Trade Unions (GEFONT)
- Nepal Trade Union Congress (NTUC)
- All Nepal Federation of Trade Union (ANTUF)
- Confederation of Nepalese Professionals (CONEP)



Organizing Nature of 4 Major Trade Unions

- Among the 4 major trade unions GEFONT and ANTUF have significant numbers of membership in the industrial sector,
- where as CONEP covers only tertiary sector.
- Similarly, NTUC has a large numbers of memberships in tertiary sector as well as in the industrial sector.

International Trade Union Confederation - Nepal Affiliate Committee (ITUC- NAC)



Apart from JTUCC, there is yet one another trade union committee affiliated with International Trade Union Confederation (ITUC). It is called International Trade Union Confederation - Nepal Affiliated Committee (ITUC- NAC), consist of,

- General Federation of Nepalese Trade Unions (GEFONT)
- Nepal Trade Union Congress (NTUC)
- All Nepal Trade Union Federation (ANTUF)

Members of JTUCC.



SN	Name of the National Unions of Nepal	Members hip
1	General Federation of Nepalese Trade Unions (GEFONT)	387,418
2	Nepal Trade Union Congress (NTUC)	380,762
3	All Nepal Federation Trade Unions (ANTUF)	615,000
4	Confederation of Nepalese Professionals (CONEP)	211,000
5	National Democratic Confederation of Nepal (NDECONT)	30,000
6	Inclusive Nepal Trade Union Confederation (INTUC)	37,500
7	National Democratic Confederation of Nepal, Independent (NDECONT-I)	40,000
8	National Democratic Federation of Nepalese Trade Unions (NDFONT)	42,110
9	Madhesi Trade Union Confederation (MTUC)	1,01,000
10	National Employes Federation of Nepal (NEFON)	103,000
11	Nepal Trade Union Federation (NTUF)	35,000
12	Federation of Nepal Progressive Trade Union (FINEPT)	46,000
	Total:	1,927,790
	Total Workers unionized in the different unions	1.61%

Segregation of Informal and Formal Workers Unionized by GEFONT



SN	Affiliates Name	Membership	Percentage
1	Independent Transport-Workers' Association of Nepal (ITWAN)	90,221	23.29%
2	Nepal Auto- Mechanics Trade Union (NATU)	5,079	1.31%
3	Nepal Rickshaw Pullers' Union (NRPU)	6,170	1.59%
4	Federation of Agriculture and Plantation Workers' Union of Nepal (FAPWUN)	63,006	16.26%
5	Central Union of Painters, Plumbers, Electro and Construction Workers of Nepal (CUPPEC)	89,541	23.11%
6	Nepal Street Vendors' Trade Union (NEST)	15,250	3.94%
7	Nepal Security Labour Trade Union (NSTU)	3,282	0.85%
8	Independent Garbage Cleaners' Employee's UNION (NEGU)	5,224	1.35%
9	Home Workers' Trade Union of Nepal (HUN)	5,224	1.35%
10	Nepal Barbers' Trade Union (NEBT)	2,345	0.61%
11	National Beauticians' Union of Nepal (NABUN)	1,117	0.29%
12	National Health Volunteers' Association (NEVA)	5,657	1.46%
	Total Membership in Informal Sector	292,116	75.40%
	Membership in Formal Sector	95,302	24.60%

ANTUF Membership by Sector



ANTUF membership comprises of 80.05 % informal sector and formal sector is 19.95%.

Nepali Labour Act 1992



Basically, the existing labour legislation named Labour Act 1992 (the first amendment 1996) was designed to manage labour relationship between employers and employees of the formal sector. But there are limited articles which tried to address the fundamental issues of informal sector too.

- These are:-
- Tea Plantation Article 45
- Construction Article 46
- Transport Article 47
- Hotel and Tourism Article 48

Social Security Scheme in Nepal :-



- Currently, no specific Social Security Act exists in Nepal. There are very few provisions of social security schemes incorporated in the existing Labour Act of Nepal. But these provisions are limited to the formal sector workers only.
- The separate Social Security Bill and Proposed New Labour Act bill are still pending in the parliament. The political instability is delaying the declaration of Social Security Act and New Labour Act.
- Some social security schemes available for the formal sector only which can be mentioned as

Social Security Scheme in Nepal :-



- Provident Fund :- 10% of salary contribution by the both employee and employer
- Gratuity : approximately 8.3% of basic salary contributed by the employer
- Workmen compensation :- employer contribution based on the nature and degree of injury
- Fund for residence:- Provision of allocate 5% of gross annual profit but not following properly

Social Security Scheme in Nepal :-



- Welfare fund:- 10% of net profit is to be allocated for bonus distribution and whatever becomes residue after bonus distribution to be deposited in the welfare fund by every enterprise. The 70% of the total amount to be kept in the local welfare fund the rest 30% to be deposited in the national welfare fund.
- Pension:- Limited to the civil servant, army, police and the employees of some of the public enterprises.

Social Security Scheme in Nepal :-



- Medicare facility: Paid sick leave, normal medical cost incurred by the employer in case of any accident in the private sector. But there is relatively better provision in the public sector
- Maternity protection:- paid leave
- Opportunity to the dependent: employment opportunity and life insurance amount. But these practices are very rare.

Union Initiatives for Social Protection



Some of the good practices initiated by the informal workers themselves for the social protection scheme.

- Transport workers welfare fund: functioning since last two decades placing the collection centre (Dhat) on the road.
- Operation of Saving funds in the carpet, auto- mechanics, construction workers and street vendors are being effective.

Social protection schemes adopted by the GEFONT.



- Women Social Assistance Fund:- Token money limited to all women members
- Emergency Relief Fund:- Token money to the all members
- Discount facility to the members and dependent of the member in Helping Hand Hospital in Kathmandu. As directed by the agreement made between GEFONT and Helping Hand Hospital.
- Solidarity Fund:- To be effective from January 1st 2017. Only for the chronic diseases.

ANTUF good practices



- Played vital role in providing provident fund, gratuity and paid leave to the security guard.
- Initiated to regularize the ward stewards of private and public sector hospital.
- Regularization of employees in the private boarding schools.
- Contribution based assistance to the members in case of death and natural calamity to be effective from January 2017.

NTUC Good Practices:



- Vocational and skill enhancing training to the members and family.
- Community based Cooperative
- Non formal education program in nine districts
- School dresses to the children of non formal education program.
- Non formal sector workers representation in the decision making body of NTUC Special provision to elect Vice _president from the informal sector.

GEFONT Organizing Academy



- GEFONT has launched the regular trade union school since January 2015. So far 5 days 20 trade union training classes have been conducted till the date. Each training class consist of 25- 30 trainees. The training classes have been organized to the affiliate's central leadership as well as the zonal level leadership.
- New membership recruitment through the product of regular trade union school.
- GEFONT 6th National Congress targeted to increase the 13.7% membership before 7th National Congress.

"Count us in Program" and Youth activity



- 33% women representation in the decision making body of each and every committee. As the part of the ITUC family, it has also aimed to increase women membership by 5% under the ITUC "Count us in" program.
- Youth Program: GEFONT 5th National Congress held in 2009 formed the Youth Committee.

ILO Contribution and collaboration



- Strengthening one union one voice program. making consensus among the trade unions. "Wider National Conference"
- Interaction program among the TU, Employer, Govt. and other stake holders in the process of formalizing informal economy.
- Designing of questionnaire, feedback workshop as the preparatory work for fresh National Labour Force Survey to be taken place shortly in 2016. Nepal Govt. Central Bureau of Statics and ILO jointly organized this workshop.

ILO Contribution and collaboration



- Organising Informal workers
- Campaign on Minimum Wage and Social Security:
- Orientation on Basic Trade Union Rights
- Membership enrolment and committee formation
- Organizing skill training
- Pickle making training to Domestic workers
- Driving training for women (TWAN)
- With the aim of enhance the skill of street vendors in low cost business

ILO Contribution and collaboration



- Way out of Informality: Facilitating Formalisation of Construction Sector in Nepal(CUPPEC)
- Orientation on informal Economy and works to Trade union leaders.
- Workshops for Representation of TU in District Level Wage Fixation Committee
- Osh Training
- Training on Decent Work, Labour law, Social Security, OSH, gender discrimination to construction workers





Glimpses of Nepal





Glimpses of Nepal



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Thank You !