TRADE UNIONISM IN NEPAL **DEVELOPMENT AND ROLE**

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ECONOMICS

By

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FORWARD LETTER

This is to hereby that Mr. Rudra Prasad Gautam, has prepared this dissertation entitled "TRADE UNIONISM IN NEPAL: DEVELOPMENT AND ROLE" under my guidance and supervision.

I would like to ensure that this dissertation or any part of this has not been previously made the basis for the award of any degree of Tribhuvan University or any other universities in the world.

I strongly recommend this dissertation for the final acceptance.

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LETTER OF RECOMMENDATION

We certify that this dissertation entitled "TRADE UNIONISM IN NEPAL: DEVELOPMENT AND ROLE" prepared by Mr. Rudra Prasad Gautam under our guidance and supervision. We hereby recommend this dissertation for final examination by the Research Committee of the Faculty of Humanities and Social Sciences, Tribhuvan University, in fulfillment of the requirements for the Degree of DOCTOR OF PHILOSOPHY IN ECONOMICS.

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Trade union movement in Nepal has crossed 55 years passing various ups and downs since most of the time they were ban. The ban was lifted only following the restoration of multiparty democracy in 1990 where trade unions has grown rapidly after the enactment of Trade Union Act in 1992. During one decade of trade union movement in open environment it has improved considerably. Registration of enterprise level unions as well as national federations has increased remarkably but the membership could not grown as of the growth of the unions. Consequently per union membership has declined.

Nepalese trade union movement is fragmented since its beginning based on the political ideology. At present all the trade unions are directly associated or linked with one or the other political parties and working as a cell of the party they support though most of them plead themselves as independent. The direct relationship between political party and trade union is clearly evident from the division of trade union organisation following the fragmentation in the political party and merger immediate after the merger of the party. The trade unionists said that trade union movement could not be apolitical organisation. They plead that to fulfill the objectives of trade union it should work keeping hands to hands with political parties. But in Nepal only few unions are actively performing their activities in favour of workers while others are like paper union. Neither they have any office nor office bearers and members. They have no any role in the trade union movement of the country. As a result of low unionisation and increasing fragmentation of trade unions Nepalese trade union movement is not strong.

In recent years trade unionists started to organise workers from informal sector giving top priority, where more than 90 percent workers are involved. The relation between employers and workers is improving gradually from confrontation to dialogue and started to recognise each other as a social partner. Hope this will further improve in future. Similarly they also strongly realised the negative effect of fragmentation on trade union movement and going in the process of unity in workers issues.

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Rudra Prasad Gautam

Kathmandu

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ABSTRACT

Nepal is one of the least developed country in the world with diverse topography and landlocked by the two highly populas and emerging economic powers (China and India). It has 23.1 million populations (2001), which is growing rapidly (more than 2% per annum) during the last three decades. About 90 percent of the labour force is concentrated in the informal sector, mainly in agriculture. Overall employment in the country is not increased but the labour force is growing by 300 thousand annually. Consequently unemployment and under employment is serious in the country which leads to increase in level of poverty of its population.

Trade union is the universal and spontaneous form of labour movement as the outcome of the capitalism in the fifteenth and sixteenth centuries though ancient type of trade union movement were in existence during fourteenth century too. Different scholars, trade unionists and institutions, define trade union differently but all they are concentrated mainly on the economic well being of the workers.

The trade union movement not only varies in different countries, regions as well as continents but also varies from one period to another within the same country. There is no overall plan and universal accepted model of trade unions. Similarly the pattern of development, structure, organisation and objectives of the trade unions may vary. As a result of the growing importance of the trade union movement the trade unionists in almost all countries in the world realised the need of international cooperation and organisation to support it.

World Federation of Trade Unions (WFTU) was organised in February 1945 as an international trade union center as a result of long efforts of national centres. Since the formation of International Confederations of Free Trade Unions (ICFTU) in 1949 national trade union federations have led further separation and exist partly competitiveness belonging with WFTU, ICFTU, and WCL (World Confederation of Labor).

All the unions of the SAARC have several common characteristics such as low level of union density, direct political affiliation, and fragmented union movement mainly because of political affiliation. Labor legislations are enacted but implementation part is very weak in all SAARC countries.

The declining trend in the trade union membership all over the world especially in industrialised counties is not fully within the control of trade unions. Change in technology and its effects on employment are beyond the control of union but with some other changes union could have responded better and minimized the damage.

The history of Nepalese trade unions goes back to 1947. The formation of ANTUC recognized in 1950 was the first trade union federation in Nepal. During interim period few trade union centres were organised openly but they did not got legal status during this period. The Panchayati rule forcefully imposed NLO instead of trade unions in 1963. After 19 year of continuous repression, in 1979 the historical mass movement gave rise to more than half dozen trade unions. But because of lack of enough coordination and understanding among trade unions of different sectors, the formation of national center could not made possible. The General Federation of Nepalese Trade Unions (GEFONT) has formally been registered as the first national trade union confederation in the country after the enactment of the Trade Union Act, which was established in 1989 as a follower of ANTUC.

With the reestablishment of multiparty democracy in 1990 ban on trade unions was lifted. Consequently they start their activities openly. Immediate after the restoration of multiparty democracy Nepal Trade Union Congress (NTUC) came into existence as a follower of BWU. The trade union movement of modern lines came to be organized only after the enactment of Trade Union Act 1992 while ban on trade union was lifted and they were recognized legally. Since the end of the 1997 the total number of registered trade union confederations reached three with the registration of Democratic Confederation of Nepalese Trade Unions (DECONT) separated from NTUC.

Similarly large number of national federations and enterprise level unions are registered in different Regional Labour Offices. Since last few years union registration in informal sector and service sector is growing. As a result the number of enterprise level unions increased rapidly after the introduction of Trade Union Act. With the second

amendment of the Trade Union Act in1999 it has become possible to unionise the informal sector workers too including agricultural workers and even self-employed.

The Trade Union Act 1992 clearly explained distinct three-tire system of trade unions in Nepal. They are: Enterprise Level Trade Union, Trade Union Federation and Confederations. During the short period of time Nepalese trade unions have been acquired a lot of improvements in various issues. Among them increase in membership, militancy, collective bargaining capacity and the changing attitude of the society towards trade union is considered as remarkable strengths. But Nepalese trade unions are suffering from various weaknesses such as low membership, multiplicity of unions on the one and on the other inter and intra union rivalry among unions, weak financial position, weak leadership, low level of wages, remarkable unemployment and underemployment situation in the country, etc.

As a result of various awareness raising programmes training, workshop, education programmes, research and exposure programmes directed to the human resource development programmes conduced by the trade unions within a short period, the general workers, members and activists of trade unions from grass root to confederation level have been benefited.

On the one the current changing environment of occupational structure made the gap between workers and management wider and wider on the other temporary, part time and seasonal workers has increased remarkably. It is evident that the proportion of white-collar employment has increased with the change in the occupational structure. Both of these situations are not favourable for union development.

After the restoration of multiparty democracy Nepalese trade unions are raising voice in each and every aspect of labour welfare but preferably they focus on the issues of minimum wage, job security, social security, working conditions, occupational safety and health, unfair labour practices, fundamental trade union rights, etc.

Significant proportion of trade union leaders and general workers belongs to the young age group (20-39). Role of the migrant workers (internal and external) is significant. Union leaders are partially satisfied with the provision of workers' welfare included in the Trade Union Act 1992 but not satisfied on the implementation part.

Different workers and union leaders evaluate trade unions and its activities differently. There is a diverse view regarding the beginning of the trade union movement of Nepal. Some had opined the trade union movement was developed on the influence of the trade union movement of India, where overwhelming majority viewed it was due to the internal necessity.

Trade union movement of Nepal has been grown fast during last one decade mainly due to lift the ban on trade unions after the restoration of the multiparty democracy in 1990 and especially with the enactment of Trade Union Act in 1992. Along with the development of trade unions the socio-economic condition of the workers has increased though it is little. But still trade union movement of Nepal is facing various problems for its smooth functioning to fulfill its goal.

The role of trade unions varies country to country. The variation depends upon the stage of economic and social development of the country, the strength of trade unions, institutional set up of the society in which they work, social responsibility of the union and capacity to reconcile it to their members. Nepalese trade unions have continually given emphasis to their common voices that the provisions of the existing labour laws are still not sufficient to safeguard the interests of the workers. On the other implementation and monitoring side of the existing labour laws is very weak and it become a major demand of the trade unions of Nepal.

Trade union is not only a militant organisation to fight for workers' welfare but also a social organisation and since last few years working for the moral, educational and cultural upliftment of the member of the society along with their economic welfare of the workers. They hope the workers will be benefited through the social development being a member of the society.

There is a great debate on the issue whether trade union is a political organisation or professional organisation. Generally it is used to be saying that a trade union could not be a political institution but on the other it also could not be separate from politics. Thus trade union has to carry out various roles related to politics.

Trade union movement of Nepal reached in the present stage by passing different stages during its more than 50 years' history. The nature of trade union's role may differ in the past, present and future as the pace of change in the socio-economic and cultural situation of the country that is accepted by all. Based on the present national and international situation it is assumed that trade union could not survive in the future without changing their role according to the changing situation of the country as well as abroad. Thus to sustain and strengthen trade union movement Nepalese trade unions should have to be directed their activities mainly to focus on policy issues addressing the negative effect of globalisation on trade union in the present context.

Lastly, it can be conclude that Nepalese trade unions prefer to keep their individual identity but join hands with each other in certain issues of the workers. As a temporary alliance they discuss among themselves various issues of common concern but such discussions cannot be viewed as a move towards merger of trade unions. The trade unions in Nepal do not confine their role merely to workplace issues. They frequently raising national issues in different forum but they do not have a common platform for voicing their opinion.

In the present changing context both the unions and employers should have to agree honestly on participative management to save the establishment and employment of the working mass in the coming years.

The study has suggested a number of proposals for the further development of the trade unions and research on various labour issues. Among them concept of workplace unionism, regular allocation of budget for the workers' organisation to conduct welfare activities, prioritization of women friendly programmes more effectively, address the wage issue preparing wage index for the workers working in different sectors and places, timely amendment and effective implementation of labour laws, extension of solidarity issue nationally and internationally, materialize the concept of single union to avoid the weaknesses caused by the multiplicity of the unions, implementation the concept of labour management participation, organisation of a common platform of both the white and blue-collar workers are the major recommendations. Similarly, it is necessary to widely research on various aspects of the trade unions by the government, management and trade unions as well.

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ABBREVIATIONS USED IN THE STUDY

AATUF All African Trade Union Federation

ACFTU All China Federation of Labour ACTRAV Bureau of Workers' Activities

ADB Asian Development Bank

AF Confederation of Academic and Professional Unions in Norway

AFL/CIO American Federation of Labor and Congress of Industrial

Organisation

AITUC All India Trade Union Congress

AMC Asian Migrant Centre

AMRC Asia Monitor Resource Centre
ANTUC All Nepal Trade Union Congress

APEC Asia and Pacific Economic Cooperation
APEC Asia and Pacific Economics cooperation
APWSL Asia Pacific Workers' Solidarity Links
ASEAN Association of South East Asian Nations

ASI Anti Slavery Internationals

BILS Bangladesh Institute of Labor Studies

BIS Bank for international Settlements

BWU Biratnagar Workers Union
CAW Committee for Asian Women

CAWUN Construction and Allied Workers' Union of Nepal

CBS Central Bureau of Statistics

CLAC Central Labor Advisory Committee

CLC Canadian Labor congress

CMWU Cotton Mill Workers Union, Biratnagar
COSATU Congress of South African Trade Unions

CP Communist Party

CPN (ML) Communist Party of Nepal (Marxist & Leninist)

CPN (UML) Communist Party of Nepal (United Marxist-Leninist)

CPUSTAL Permanent Congress of Trade Union Unity of Latin America

CTEVT Centre for Technical Education and Vocational Training

CUPPEC Central Union of Painters, Plumbers, Electro and Construction

Workers- Nepal

CUTS –India Consumer Unity and Trust Society- India
DANIDA Danish International Development Agency

DECONT Democratic Confederation of Nepalese Trade Unions

DFID Department for International Development

DOL Department of Labour

EEOW Expansion of Employment Opportunity to Women (ILO)

EI Educational International EPZs Export Processing Zones

ESCAP economic and social commission for Asia and the Pacific

ESPS Environment Sector Programme Support
ETUC European Trade Union Confederation
FAO Food and Agricultural Organisation

FDI Foreign Direct Investment

FES Fridrich Ebert Stiftung -Germany

FNCCI Federation of Nepalese Chamber of Commerce and Industry

GATT General Agreement on Trade and Transit

GDP Gross Domestic Product

GEFONT General Federation of Nepalese Trade Unions

GUFs Global Union Federations

HRD Human Resource Development

ICATU International Confederation of Arab Trade Unions

ICEM International Federation of Chemical, Energy, Mining & Factory

Workers

ICFTU International Confederation of Free trade Union

ICONT Independent Confederation of Nepalese Trade Unions

IFATU International Federation of Arab Trade Unions

IFBWW International Federation of Building and Wood Workers

IFCTU International Federation of Christian Trade Unions

IFJ International Federation of Journalists
IFTU International Federation of Trade Unions

IGCUN Independent Garbage Cleaners' Union of Nepal

ILO International Labor Organisation

IMF International Metal Workers' Federation

IMF International Monetary Fund

IPWUN Independent Press Workers' Union of Nepal ITF International Transport workers' Federation

ITGLWF International Textile, garment, & Leather Workers' Federation

ITGWUN Independent Textile Garment Workers' Union of Nepal

ITSs International Trade Secretariats

ITUFs International Trade Union Federations

IUF International Union of Food, Agriculture, Hotel, Restaurant, Catering,

Tobacco & Allied Workers' Association

IWU Independent Workers Union, Biratnagar

JIL Japan Institute of Labour

JILAF Japan International Labour Foundation

KAD-Denmark Women Workers Union Denmark

KOILAF Korea International Labour Foundation

MNCs Multi National Companies

NCAWU Nepal Customs and Airport Workers Union

NCRL National Commission on Rural Labour NEFAS Nepal Foundation For Advanced Studies

NFWU Nepal Film Workers' Union

NGOs Non Government Organisations

NICIWU Nepal Independent Chemical- Iron Workers' Union

NICWU Nepal Independent Carpet Workers' Union

NIWU Nepal Independent Workers Union

NLFS National Labor Force Survey
NLO Nepal Labor Organisation
NTUC Nepal Trade Union Congress

OATUU Organisation of African Trade Union Unity

OECD Organisation for Economic Co-operation and Development

OHSE The Asian Workers Institute for Occupational Health, Safety and

Environment

OSH Occupational Safety and Health

PCTUU-LAW Permanent Congress of Trade Union Unity of Latin American

Workers

PILER Pakistan Institute of Labor Education and Research

PSI Public Service International

RILU Red International of Labor Unions

RPP Rastriya Prajatantra Party

SAAPE South Asia Alliance for Poverty Eradication

SAARC South Asian Association of Regional Cooperation

SAC South Asian Countries

SAK Central Organisation of Finish Trade Unions

SAP Structural Adjustment Programme

SARDI South Asia Research and Development Initiatives
SWOT Strength, Weakness, Opportunities and Threats
TCO Swedish Confederation of Professional Employees

TUAC Trade Union Advisory Committee
TUAC Trade Union Advisory Committee
TUC British Trade Union Congress

TUIs Trade Union Internationals

UADW Universal Alliance of Diamond Workers

UNCTAD United Nations Conference on Trade and Development

UNESCO United Nations Educational, Scientific and Cultural Organisation

UNI Union Network International

UNIDO United Nations Industrial Development Organisation

USA United States of America

VRS Volunteer Retirement Scheme

WB World Bank

WCL World Confederation of Labour

WCPA World Committee for Professional Action

WFTU World Federation of Trade Unions

WIEGO Women in informal Employment Globalising and Organising

WTO World Trade Organisation