

SOCIAL SECURITY THAT WE ARE STRUGGLING FOR

The concept

"The philosophers have only interpreted the world in various ways; the point is to change it!"

These days I feel, this famous quote of a great thinker *Karl Marx*, is applicable to the working people in 'Informal Economy' as well. We have described many ways 'the informal' and are putting 'stone' on their fate. We, the opinion-makers – the trade unionists, politicians, Brand-A scholars and so on relating to World of Work, have left no stone unturned by defining them, analysing their nature and suggesting various 'prescription'.

As the end result, what did we achieve? The Wage- that is less than minimum; The Job- that is beyond the protection! The Work- that is no way a Decent; and the workplace full of risk- the precarious!

Guy Standing has described precarious job-holders working poor as *precariate*¹! This notion is a combination of two terminologies; one- identifying *precarious* nature of job and the other- widely used word to identify lowest strata of the working class- the *proletariat*! In his recently published book- *The Precariat: The New Dangerous Class*, Standing mentions-

"Broadly speaking, while the old classes persist in parts of the world, we can identify seven groups. At the top is an '**elite**', consisting of a tiny number of absurdly rich global citizens lording it over the universe, with their billions of dollars, listed in Forbes as among the great and the good, able to influence governments everywhere and to indulge in munificent philanthropic gestures. Below that elite comes the '**salariat**', still in stable full-time employment, some hoping to move into the elite, the majority just enjoying the trappings of their kind, with their pensions, paid holidays and enterprise benefits, often subsidised by the state. The salariat is concentrated in large corporations, government agencies and public administration, including the civil service.

Alongside the salariat, in more senses than one, is a (so far) smaller group of '**proficians**'. This term combines the traditional ideas of '*professional*' and '*technician*' but covers those with bundles of skills that they can market, earning high incomes on contract, as consultants or independent own-account workers. The proficians are the equivalent of the yeomen, knights and squires of the Middle Ages. They live with the expectation and desire to move around, without an impulse for long-term, full-time employment in a single enterprise. The 'standard employment relationship' is not for them.

Below the proficians, in terms of income, is a shrinking 'core' of manual employees, the essence of the old '**working class**'. The welfare states were built with them in mind, as were the systems of labour regulation. But the battalions of industrial labourers who formed the labour movements have shrivelled and lost their sense of social solidarity.

Underneath those four groups, there is the growing '**precariat**', flanked by an army of unemployed and a detached group of socially ill misfits living off the dregs of society (*Standing: 2011*).

¹ *The Precariat: The New Dangerous Class; Guy Standing (February 2011)*

Agreeing with Standing, I would argue that the workers of informal economy are the Precariat, **a class-in-the-making**, unlike **a class-for-itself**, in the Marxian sense widely discussed in 19th and entire 20th centuries!

It drags us in a domain that whatever "solution" we do prescribe to the Informal may not *as-it-is* fit in to those working in formal economy. Hence, I strongly feel, the methods of social security system developed for formal workplace need to be carefully analysed while implying to the workers in various strata of Informal Economy.

The need of an informal

Trade unions are basically struggling for Four Rights for the workers namely: **right to work, right to wages, right to equality and right to freedom**. All these rights are interdependent and universal for all kinds of workers. However, after implementation of policy- the economic liberalisation since 1990s, our world of work is witnessing rights deficit in many ways, among the workers in the name of "flexibility".

The world of work has been divided as "organised and unorganised, formal and informal, national and trans-national" in terms of production-process further dividing the labour as '**regular**' (permanent or temporary) and '**irregular**' (contract-based, daily-waged, seasonal, part-time, home-based outsourced etc). With this division, terms of condition of labour are sparked into informal set-up, ultimately shattering the universal principle of workers' collectivism that "An injury to one is an injury to all!" The workers pushed to fight each other for their daily survival. Hence the Four rights have become to some 'an attainable object', whereas to the majority working masses, it is limited into 'a day-dream!'

According to *Standing*- The precariat experiences the **Four-A's** – **anger, anomie, anxiety** and **alienation** instead of enjoying **Four Rights**. Thus, the *precariat* lacks the **seven** forms of labour-related security, which had been pursued for the working class by pro-labour parties and trades unions after the Second World War. *Standing* classifies these as-**Labour market security; Employment security; Work security; Skill reproduction security, Income security and Representation security**.

"There are varieties of Precariat; they are far from being homogeneous. The teenager who flits in and out of the Internet Café, while surviving on fleeting jobs is not the same as the migrant who uses his wits to survive networking feverishly while worrying about the police. Neither is similar to the single mother fretting where the money for next week's food bill is coming from or the man in his 60s who takes casual jobs to help pay medical bills. But they all share a sense that their labour is instrumental (to live), opportunistic (taking what comes) and precarious (insecure) (*Standing: 2011*).

There are wide range of needs and demands of Informal workers in Nepali world of work who are varied vividly based on their employment relationship. Be it a *formal* or an *informal*, Nepal's labour market is extremely exploitative. There are some nominal rights of the workers ensured in the formal sector. The workers in the informal sector are, however, completely deprived of even minimum fundamental rights. Still, Nepal maintains the labour practice in which the workers are condemned to work in a situation akin to slavery, and child labour is in existence while adults are deprived of employment.

Among the Nepal's informal sector, the single largest sector is agriculture. In agriculture, there are two main divisions. The worker who works on yearly wage or cultivates small piece of land as a tenant or somehow self-employed agricultural worker comes under the first category. Mainly wage labourers in agriculture, who perform their work in daily

wage or monthly or yearly basis fall within the second category. The word *Hali* (those who plough the land), *Gothala* (the cattle herders) and *Khetala* (daily wage labourers) denote such workers in this connection. Apart from the peasants and the non-wage agricultural workers, there are two categories of agricultural wage labourers. The first covers those wage labourers whose means of survival is only their wage; whereas the second category covers those whose means of livelihood is the wage and their self-employment.

Non-agricultural rural informal sector includes various establishments of traditional and non-traditional cottage industries². Because of the phenomenon of *labour-underutilisation*³, agricultural workers normally work in non-agricultural sectors too.

Due to Nepal's geo-political condition, the urban informal sector is not so large. It includes mainly non-agricultural activities. Major portion of the labour force in this sector is active as "self-employed". In summary, based on the nature of work, informal sector in Nepal can be classified as rural and urban, which can be specified as follows:

- **Farm and farm related:** self employed, very small land holders, landless farm workers, tillers, cattle herders, former *Kamaiyas*, *Haliyas*, daily wage workers, exchange labour under parma⁴ tradition and non registered large segment of economic activities concerning livestock, poultry, kitchen –gardening¹ dairy, fisheries, sericulture, bee farming
- **Trading:** Street Vendors, Hawkers related to different products including very small traders
- **Craft-workers:** Related to clay, metal, bamboo, wood and others
- **Construction:** Normally daily wage-workers related to building, wood work, road, stone quarrying, brick kiln
- **Transport:** Porters, cleaners, Khalasi, loader, Rickshaw pullers, auto-mechanics and helpers
- **Micro enterprises:** Family based enterprises workers in various types of production and services
- **Other services:** Barbers, cobblers, tailors, blacksmith, traditional entertainers

The Efforts and the Gaps

Nearly Five years back GEFONT had launched a survey to identify what were the demands (issues) that workers place in top priority? By analyzing Collective demands and agreement of 750 enterprises, it was found that 17 issues were core & crux of contention. They were-Increment in existing **Grade**; Increment in existing **wage**, **Permanency**, **Medical treatment cost**, **Clothing/Uniform**, **House Rent**, **Dashain Allowance/** Transportation cost, **Bonus/Dearness allowance/** Provident Fund, **Union office**, **Overtime**, **Life insurance**, **Educational support** to kids, **Home leave/ Loan facilities**, **Compassionate leave**, **Sick leave/ Other leave**, **Night-shift allowance/Physical management of union office** and **Job Classification**. Almost all these entitlements are payable to the regular workers only as per existing legislation.

We consider these issues were one way or other connected to the 9 categories of entitlements prescribed in ILO Convention (No. 102) relating to social security. Thus, Nepal's trade union movement made **Social Security** for All workers as the **flagship-demand** aiming

² *The traditional cottage industries in Nepal are: hand loom, pedal loom, semi-automatic loom, wrapping, dyeing, printing, sewing, knitting, local carpet, woollen-carpet, pasmina, woollen garment, carpentry, wooden handicraft, bamboo and cane goods, materials made from natural fibers, hand made paper, gold, silver, brass, copper work and ornaments, image making, precious and semi-precious stones, honey, big cardamom processing, pottery, leather cutting, drying and village tanning and leather works, jute, babio choya and goods from cotton thread, leather goods, artistic goods from bones and horns, stone carving, stone studded metal goods, painting, pauwa, batik, materials made from hand made paper, dolls, toys and stone studded metal filigree commodities.*

³ *This terminology is used in second NLFs. Labour underutilisation (30%) is collective figure of complete Unemployment, Time-related underemployment, Inadequate earnings and Skill mismatch*

⁴ *Exchange labour system in Nepal*

to address contentious issues mentioned above. Since these were the issues for relatively secured workers, no doubt these are the demands of the workers in informal economy as well.

Does it fit with informal workers?

Past 250 years, modern Nepal had remained largely isolated. A total of 104 years ruled under Rana oligarchy and remaining under the regime of absolute monarchy for 30 plus years pushed Nepali society to pursue Traditional Community-based Protection Activities. These activities are known as **Guthis⁵, Dhikur or Dhikutis⁶, Dharam Bhakari⁷, Mutual Aid Arrangements⁸, Paincho⁹, Parma¹⁰, Saghau¹¹** and various Traditional cultural and religious arrangements in local levels and Caste-ethnicity-based arrangements like *Marwadi/ Jain/ Agrawal/ Tamu /Langhali/ Sherpa/ Thakali service trusts*.

Exposed with global economy, existing traditional practices have started to diminish fast, however, in order to protect vulnerable section of society; "new safety-net" has yet to weave! Some initiatives of social assistance aiming to exhaust anxiety caused by diminishing traditional community-based assistance have been taken by government through its own mechanism. Though it is too scattered, the initiatives, such as following are helpful to keep alive optimism of the general population:

- Senior Citizen and Helpless Widow Allowance
- Small Farmers Development Programme
- Intensive Banking Programme
- Production Credit for Rural Women
- Banking with the Poor
- Rural Development Bank programmes
- Baal Mandirs
- Livestock Insurance & Crop Insurance
- Programme for Disabled
- Health services of government Hospitals and Health Posts
- Social Assistance through Centre and Local government
- Rehabilitation and relief works

Besides this, similar initiatives, which are in charity type works including some income generation, education support, and health support programmes, have been carried out by various NGO/INGOs.

Realising that such "peace-meal" efforts will insufficient to address increasing demand of social security of the working people, nearly since 1.5 decade a campaign of **Social Security for All Workers** initiated by the trade union movement in Nepal. Before 2000, the movement was somehow scattered; however since 2000 July it was jointly called on by GEFONT along with other recognised trade union confederation. To pacify employers' rhetoric of hire and fire and labour flexibility, the process tripartite-engagement began under the slogan of labour market reform. The trade union proposed a contribution ratio of

⁵ A kind of family held or community held welfare trust basically associated with religious institutions/ temples

⁶ Collection of mutually agreed amount in a group and provision of credit turn by turn through lottery working automatically as a rotational financing system

⁷ A grain bank of villagers in local level, where villagers of the small locality deposit for future use of the village households

⁸ Cooperatives and self help organizations as well as small welfare fund arrangements.

⁹ A loan in kind not in cash for a short duration which is common in all Nepali households in every community and caste/ethnicity

¹⁰ Exchange of labour in village among households and families during peak farming season which ensures labour supply without any payment

¹¹ Helping in kind and labour to each other in the Magar community

worker-employer-government at the rate of 1:2.5:2.5 respectively in order to establish contributory social security system.

The momentum of campaign gained ground after entering the era of democratic republic. Trade union demand of **Contributory Social Security Schemes** by establishing **Integrated Social Security Fund** took a visible shape during the tenure of Non-Maoist coalition Government under the premiership of UML senior leader MK Nepal. Through Budget statement, the Government of Nepal levied 1% social security tax to all workers in regular payroll, no matter under what terms of condition and workplaces they are labouring. It took almost a year to clarify what it was.

March 24, 2011 is another milestone in this regard. The apex bodies of employers agreed to contribute additional 20% of basic salary (whether it be monthly, weekly basis or the daily one) of their employee for the social security fund. It is noteworthy that the workers are already deducting from their purse 1% (10% extra for Provident Fund).

An office of the **Fund** along with 29-member secretariat has been established and a **tripartite Social Security Board** as ad-hoc Social Security Admin has been constituted. Based on the collection of contribution, the GON has proposed 4-sets of schemes (*Unemployment benefit, maternity protection, sickness benefit and workplace injury benefit*) to be implemented by this fiscal year.

It is encouraging steps in our context. However, the gap of benefit between **Formal** and **Informal** sector is serious. At the moment proposed social security schemes are basically targeting to the formal sector, whereas the needy informal who are waiting comprehensive social security package is bit far from coverage.

There are further legislative lapses. Irregular workers in formal sector as well keep aside enjoying social security benefits agreed by union-employer negotiation. The agreement will not come to effect till the legislation relating to social security is endorsed by the legislature parliament. It further pushes far possibility of social security coverage to the workers in Informal economy. In addition to initiatives of Social Security, currently National Planning Commission of the Government is in an intensive exercise of designing a National Social Protection Framework with a broad-based objective.

The work ahead

Based on above-mentioned discussion, we have come to the conclusion that following steps should be taken as immediate task to bring in a logical conclusion of our decade long initiatives of **social security for all**.

- To declare Social Security Act (there are two drafts- social security admin act and unemployment benefit act) including related other labour legislation (there are altogether 6 laws in package) from continued session of legislature parliament
- To ensure Government contribution at newly established Social security Fund
- To provide Social Security ID card to all contributors
- To design practical schemes for unemployment insurance, maternity protection, sickness benefits and compensation on accident as proposed by the Government of Nepal
- To prepare phase-wise schemes to bring all possible informal sectors' workers under the integrated social security fund.
- To develop Social protection network for those who are out of the coverage of Social Security Fund.