

STATE OF LABOUR RELATION and Non-Economic Barriers to Private Sector Growthⁱ

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Colleagues,

Without addressing dignitaries here in the podium let me permit to enter in the subject matter. As we are discussing on non-economic barriers for development with a particular reference of **Labour Relation**, I would mention present *State of Labour Relation* as following:

The state of labour relation is reflected in many ways in contemporary world of work in Nepal. Basically **four** points I would like to mention-

- **Transitional behaviour-** The ad-hoc ism demonstrated in the labour relation is due to change political context. In my opinion, it is quite natural. The "new players" surfaced after 2006 peoples uprising in our world of work strongly denied existing rule-of –game. Thus, we have abandoned the 'Old practice'; however, 'the New' has yet to be introduced. Further, the mindset of the key players in world of work has not been matched as per the reality- our **employer** has not transformed, which they should be, as a 'capitalist'; they are still continuing the inherent of old-time feudal legacy! And our **workers** equally have not eternalized core values of industrial workers- they are bearing with agrarian tenants' legacy!
- **Attitudinal problem-** We are portraying the image of trade unions as **Trouble Creators**; the worker as only sinister- who is destroying largely our society! And the employers as **saver**; the merciful 'master' who is unilaterally supplying bread and butter to the poor worker in charity! Had there were no unions and the workers, Nepal would have been a place like a heaven, the dreamland- *Shangri-La*! This is just an exaggeration! Our business world, the media and even critical masses do not bother to understand what is and what is not a trade union? No doubt trade unions bear political mission; however, they run as per rule-of-game set through existing labour legislation! One should understand that they are not mere a branch of a political party!

Further, we are much reactive and prefer to communicate negative message generally. Here, I would make a note that our mass media and opinion maker should be bit careful! One small example let me comment- at the beginning of this seminar our moderator Ranjit Acharya-ji mentioned about closer of Surya Nepal's Garment unit. He stressed that, it was happened just because of labour problem. With due respect, it is an ill-intentioned conclusion so far I understand. As a unionist, I have much information that Surya Nepal was incurring loss in its business cycle and it was visualizing no way to revive by selling readymade garments. Thus they were interested to close it and to start 'something new' for the better profit. The "unrest" due to labour discontent was just an excuse! In a privilege talk with us, this fact was confessed by concerned institution and the company itself time and again. The way, we are denouncing unions in this issue, is a smart ploy towards union busting. This is totally unacceptable for the working community.

- **Mutual un-trust** – A tendency of mutual un-trust is deep rooted in our society. It is reflecting in our politics as well. One fine morning we sign in a deal and immediately the concerned parties try foul, aiming to make fool each other. I do not hesitate to mention that, this story is, to some extent, fit to the players of world of work as well.
- **Interest Clash-** 'Interest-clash' between employer and employee, can we 'eliminate' this? In my opinion the Labor relation is the reflection of the conflicts. We can summaries it as following in our context:

Employers Emphasis on-	Workers Emphasis on-
Discipline	Motivation
Productivity	Incentives
Benefits based on Demand and Supply	Implementation of Labour
Standards	
Work	Decent Work
Individual Claim	Collective Action
Blame to workers as Lazy	Blame to employers as Exploiters

How do we handle this interest clash? Generally, it is supposed to manage negotiations between the employers and workers in four ways,. **First** way is- a tough war; sometimes it is wrongly portrayed as "class war!" The workers and employers considering two 'group' as "Tiger and Goat". And the solution is- a total warfare, which would be over by negating opposite party! There is no room for negotiation. **Second** is the relation between workers and employers as oppressed and oppressors, where the liberation of workers is not possible without removing the fear from the mind of the oppressed employees, where oppressors should come to compromise and negotiate with oppressed. **Third** is the assumption of support to each other -the employers and workers, as labour investors and capital investors to be understood as the concept of codetermination in German industrial relation. The **fourth** is the submissive method; where instigated workers by the employers create the problem and the solution will be an outcome of bribing workers mafia one hand and suppressing exploited workers on the other.

In my opinion, there should not be any room for First and Fourth "way" in industrial relation. Second and third or something in between would be the viable option.

For, this I would urge all to be a pro-active; not the reactive. In beginning, *Ranjit Acharya* ji said- "I was so surprised when this morning I check strike in a company of Nepal in Google search engine! There were over 6,000 hits!!" I have a question, ladies and gentlemen- "did you try in Goggle this morning similar stories of other countries of the world?" I did not surprised when check '**Strike in UK 2011**' in Goggle. There was *about 564,000,000* hits! You can see such story from Greece to Italy or Tunisia to GCC world. We are encountering with everyday news of USA known as "occupied wall street!"

Thus, it is just natural my dear friend! Where there is business in on- there is always conflict of interest. I do compare enterprises as a Magnet, which necessarily bears 'North" and 'South" pole. These two pole never attract each other; however,

in One's absence, next will no longer remain. If any Nonsense tries to eliminate ONE, the magnetic substance converted into non-magnetic one, which does not have any sale-value as of magnet. There is unity in opposite, which generates conflict and ultimately produces productivity!

Let me conclude with solution for the conflict transformation in our World of Work. I am proud to mention our 11 point bilateral agreement sealed on the March 24th of this year between we unions and the apex bodies of the employers. However, it was as well heavily attacked by some quarter. I will not talk about increase 1600 rupees or increased daily wage or the proposed plan of social security system. I would basically mention what non-economic agendas that we had agreed during the agreement. Those points are as following:

- By fulfilling criteria of existing labour legislation, in a condition of inefficiency- any company if wants to close down the whole part or it's some part or retrench their employees, unions will cooperate (**Point 4**).
- Accepting the necessity of minimum common agendas, in order to establish harmonious and fair labour relation both parties committed to and declare *Industrial Peace Year* for 4 years. The **Rules of the game** will be-
 - o No strike or close-down will be organized without fulfilling legal procedures at least in this period! No payment will be made in illegal strike.
 - o Permanent bipartite mechanism between unions and the employers' council will be established centrally to monitor its effective implementation. Local bipartite mechanism shall establish as per necessity. In enterprise level- labour relation committee will be activated. (**Point-5**)
- Joint request is made to MoLTM for immediate completion of ongoing process of labour market reform. **Rules of Game** will be-
 - o Amendment in Labour Act for better **employment relation**; amendment in trade union act for sound **social dialogue**; introduction of bills related to social security admin and the unemployment insurance scheme for **workers protection**; and introduction of National Labour Commission for **quick-effective & balance justice**
 - o Request to organisation of **Employment Summit** to address both side's difficulties to chart employment led growth strategy (**Point-6**)
- Recommendation is made to the GON for the permanent tripartite wage board. The *Intention of this clause is, to increase or not increase wage of the employees as per CPI published by the agreed authority* (**Point 7**).
- The **Responsibility** of an enterprise to identify as an enterprise with fair labour practices if it has-
 - o Trade union functioning
 - o Implementation of minimum wage

- o CBA to address collective grievance
- o Provision to make its employee permanent
- o Contributing in Social Security Fund after enactment of the Social Security legislation
- o Proper OSH management (**Point-8**)
- Union's **Commitment** to make employee dutiful and productive-
 - o To facilitate its member to follow company's house rule which is made as per labour act
 - o To help enterprises by encouraging workers be disciplined, productive and following legal procedures (**Point-9**)
 - o Helping company to minimize effects of load shedding by cooperating to manage work-shift as per power cut schedule (**Point-10**)
 - o Company will fix any day as weekly leave as per its necessity
 - o No absentee is accepted besides the leaves agreed by CBA, and as per labour act, regulation and bylaws of the company
 - o No walk out is accepted during the duty time (**Point-11**)

Thank you for inviting me!

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December 01, 2011

} [Talking point to National Business Initiative (**NBI**) Nepal's seminar on **Non-Economic Barriers to Private Sector Growth** (mainly security challenges and labour relations)]