

WAGE NEGOTIATION: MISLEADING RUMOURS AND THE REALITY

March 24, 2011 was a historical day for the trade unions in Nepal. The National Trade Union Centres- GEFONT, ANTUF and NTUC-I have signed the agreement with the Employers' Organisations (FNCCI & CNI) for wage increment of the workers based on Labour Act 1992, as minimum wage of the workers is normally to review every two years. This has been the highest increment in the wages. The Agreement also ensures the Social Protection to all irregular workers which were demanded since the establishment of multi-party democratic system. But ignoring the facts, some 'elements' are active in creating many illusions in our World of Work. Let us observe some of them:

One, *the wage has increased by NRs.50 only in the seven years period; the workers have been cheated:* This is not true at all. The wage has been increased by NRs. 1,500. The wage was increased by NRs.740 and NRs. 1300 in the year 2006 and 2008 respectively. Likewise, daily wages increased to NRs. 125 and NRs. 190 in those years, but this time, it increased to NRs.226; the table below clarifies the reality of the wage increases in last ten years:

Wage Increases during the decade				
year	Monthly salary (NRs.)	Increased amount(NRs.)	Daily wages(NRs.)	Increased amount(NRs.)
2000	2116	316	74	11
2003	2560	444	90	16
2006	3300	740	125	35
2008	4600	1300	190	65
2011	6100	1500	226	60 (+NRs36 to be deposited to the social security fund)

Thus, isn't it misleading publicity that the salary of the workers has only increased by NRs.50 in last 7 years?

Two, *the employers' contribution for social security fund will be deducted by the increased wage of the workers, so there will be nothing left for them:* Please be assured that this is not true. The employers' contribution will not be deducted from the increased wage of the workers; it will be rather added 20 percent of basic salary by the employer themselves.

Three, *the agreement doesn't allow increasing the wage of the workers for next four years:* This is next completely false allegation. The minimum wage will be reviewed in every two years according to the existing law. And the process has been kept as it is.

Four, *The agreement has prohibited from launching strikes and collective bargaining for four years:* No, this agreement doesn't put any restriction on Collective Bargaining Agreement as per Article 74 of Labour Act 1992. The agreement only restricts the illegal strikes; which are considered as misconduct of workers and punishable acts. In order to

create an enabling atmosphere in the world of work, the Agreement has declared the forthcoming 4 years as 'Industrial Peace Year'. The Agreement has not touched the rights enshrined in Article 76 of Labour Act, 1992 to conduct the legal strikes in connection with CBA at enterprises.

Five, No work- No pay and Hire & Fire policy is coming through this Agreement?

The Agreement doesn't allow the employers to "fire" its employees indiscriminately without valid reasons. The agreement hasn't endorsed any clause such as infamous "No Work No Pay!" There is as-it-is provision of no salary cut-off of those workers who are in legal strikes and leave. It is true that the Agreement alarms workers 'not to walkout during the duty-time' in the agendas of any political parties or groups who sometimes have been forcing them. Such acts are considered, as per existing legislation, an indisciplined acts of the workers and punishable. The Agreement also incorporates bi-partite commitments; the terms related to responsibility of the employers and points of discipline related to the workers. Thus the Agreement does not produce any adverse impact on rights of the workers

Six, Not 'all unions' were included in the agreement; why?

This agreement was sealed between Employers apex bodies- the FNCCI & CNI and all authentic National Trade Union Centres- the GEFONT, NTUC-I & ANTUF. These centres have been registered in Department of Labour and they have authorised Bargaining units active in various enterprises throughout the country. It is true that there are various "political groupings" in the name of trade union existed besides these National Centres, which in fact neither have "proper registration" nor any membership base in the workplace. Such "groups" or the "political faction" do not represent any worker, whose existence rest only on their party affiliation. Thus, it is out-of- context if the employers and government begin to invite "any groups" as such at formal "negotiating panel". The authority can't endorse any "Agreement" signed between such 'parties' & employers as of legal binding, even if it happened; whereas the collective negotiation between trade unions and its counterpart is enforceable as of law. Thus, those parties, who are making "noise" these days, were not included in negotiating panel.

Reality One; the main feature of this agreement

The trade Unions have been demanding that all those workers who have worked for more than 240 days should be given permanent status; because only permanent workers are entitled to get the facilities like sickness benefit, provident fund, paid-leave etc. However, the "irregular" workers ranging from temporary/casual/contract etc to outsourced; have always been denied to get any of such facilities. This Agreement has paved way to bring all workers working at various enterprises under safety-nets, no matter whether they are working in permanent basis or in any types of 'irregular' terms. The long lasting demand of the workers equalling in entitlement to all irregular workers as of permanent has been met now; isn't it an achievement?

Reality Two; the beginning of the social security system

Social security is a package of facility which helps the workers when they are in trouble. They get paid when they are sick. They are given considerations when they are in awkward situations. This is the contributory system where all stake holders—the Workers, Employers and Government contribute in the same Fund. This is an internationally accepted practice lined as of ILO Convention No. 102; which has provisioned benefits under following 9 key headings:

- unemployment benefit;
- medical care;
- sickness benefit;
- old-age benefit;
- employment injury benefit;
- family benefit;
- maternity benefit;
- invalidity benefit; and
- Survivors' benefit.

The rate of contribution in the Social Security Fund will be higher for the employers and government compared to the workers. According to the Agreement, 20 percent of the basic-salary will be contributed by the Employers in addition to increased wage (NRs. 1500); and we are demanding the similar contribution from the government as well. Workers liability will not exceed on their existing contribution- one percent, as the social security tax and the 10 percent for the provident fund. Now onwards, this will be applicable to all workers including daily wages, piece-rate, contract etc..

Reality Three; the benefit, operation & management of Social Security

After the enactment of Social security law, the workers will get different facilities. Workers will get the facilities based on the amount they have contributed.

The operation and management of proposed Social Security Fund will be done by a tripartite Board consisting of the representatives of Trade unions, Employers and government. The process has been started; the Government has already issued the regulation relating to this. Some might have a say; this is mere populist slogan- not a practical proposal! The contribution of "three party" is as "drop in ocean" compared to said-scheme! Let us have a look on the table below, which makes it all clear:

Contribution ratio (1.1:2:2)	Collected from one month salary (NRs.)	Collected from the daily wages (NRs.)	Yearly amount of one worker (NRs. Monthly based)	Yearly amount of the one worker (NRs. daily based)
Workers (11 %)	341	393.46	4,092	4,721.52
Employers (20 %)	620	715.38	7,440	8,584.50
Total of Two	961	1,108.83	11,532	13,305.96
Government (<i>expected 20 %</i>)	620	715.38	7,440	8,584
Total	1,581	1,824.21	18,972	21,890.63

Let's assume, if average basic salary of a worker is NRs.3100 and daily wages is NRs. 119; then the yearly collection of social security fund of total 2 million workers is NRs. 37,944,000,000. Even if the government contributes NRs. '0'; the fund will have NRs. 23,064,000,000. If we collect contribution of three parties covering only 500,000 workers, the sum will be NRs. 5,766,000,000. If we cover 500,000 daily wage earners, the sum will

be NRs. 9,486,000,000. The joint efforts of all the three parties, the fund of the social security will be very high.

Consider the following table for detail understanding;

Table 2				
contributors	For 2 million workers (NRs)	For 1 million workers (NRs)	For 0.5 million workers (NRs)	For 0.5 million workers (NRs-daily wages based)
Worker	8,184,000,000	4,092,000,000	2,046,000,000	2,230,760,000
Employer	14,880,000,000	7,044,000,000	3,072,000,000	4,292,880,000
Two combined	23,064,000,000	11,532,000,000	5,766,000,000	9,486,000,000
Government	14,880,000,000	7,044,000,000	3,072,000,000	4,292,880,000
total	37,944,000,000	18,972,000,000	9,486,000,000	10,945,314,000

Reality Four; why is this agreement being discouraged then?

This agreement is being discouraged by some of those who have been misled and those who don't feel the reality. Some of them, who are "leading" the "campaign", are not even real workers. They are the local thugs pampered by the employers who were against the social safety nets. Some handful bunch is the Henchmen of some political outfits fueling the surroundings to meet their vested motives.

Otherwise the question comes- why the few workers only at two places are against the agreement, while rest of world of work in Nepal are welcoming it?

Be aware Comrades!!

- Bishnu Rimal
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(Translated from original Nepali by Manisha Neupane)