

News Highlight

A Central Labour Advisory Committee meeting chaired by Mr. Tek Bahadur Gurung, Minister of State, Ministry of Labour and Employment was held at the Ministry on August 7, 2014. One of the agenda for the meeting was Draft Labour Act. As this body has tripartite formation, the meeting was represented by the employers, trade unions and government. GEFONT, NTUC-I, ANTUF and other members of Joint Trade Union Coordination Committee (JTUCC) were present from the trade unions side in the meeting. Similarly, from the employers' side, Mr. Pradeep Jung Pandey, President and Mr. Shekhar Golchha, Vice President of FNCCI and Chairperson of Employers' Council and their team attended the meeting. The meeting discussed the issues related to the Draft Labour Act and Social Security Act. Mr. Golchha stressed the need for the enactment of these laws simultaneously. It also deliberated on the issue of narrowing down the disputed points on draft Labour Act. The meeting decided to provide two weeks time to the employers and trade unions to discuss and build consensus on the disputed issues in the draft Labour Act. Bhadra 9, 2071 has been fixed for the second meeting to review the outcome of the dialogue between the employers and trade unions and take up the process of enactment accordingly.

HRM Tips

- Comply with the basic employment related legal requirements.
- Formulate and share "Employee By-laws" to all employees.
- Take commitment from staff on the code of business conduct and its compliance.
- Win-win situation.
- Set minimum performance standards.
- Issue Job Description (JD) to all staff.
- Develop grievance handling mechanism.
- Implement objective Performance Management System.
- Regular Training and Development.
- Encourage Open Communication i.e. both Top Down and Bottom Up!

Strengthening Employers' Units in the district chambers

Federation of Nepalese Chambers of Commerce and Industry (FNCCI) conducted two day residential "Workshop on Capacity Building of District Employers' Unit" in collaboration with International Labour Organization (ILO) on 21st and 22nd July, 2014 at Greenwich Hotel, Kathmandu. The workshop was facilitated by Mr. Gotabaya Dasanayaka, Senior Specialist, Employers' Activities in ILO Delhi.

The training workshop was participated by the representatives from Morang Merchants' Association, Biratnagar, Pokhara Chamber of Commerce and Industry, Pokhara; Butwal Chamber of Commerce and Industry, Butwal, Siddhartanagar Chamber of Commerce and Industry, Bhairahawa; Bara Chamber of Commerce & Industry, Bara, Nepalgunj Chamber of Commerce & Industry, Bankey; Makawanpur Chamber of Commerce & Industry, Hetauda, Birgunj Chamber of Commerce & Industries; and Chamber of Industries, Morang.

The workshop was conducted with the objectives to:

- (1) Improve FNCCI-EC services to members through the strengthening of District Employers' units and
- (2) develop action plan for setting up / strengthen EC units in District chambers and improve consultative mechanisms and services

The workshop concluded with the following recommendations for follow up.

Between the FNCCI-EC and District Employers' Units

- Strengthening of Consultative processes between the FNCCI-Employers' Council & the District Employers' Units
- Appointment of focal persons in the District Employers' Units



- Periodical exchange of information and Coordination meetings among District Employers' Units
- Conduct of annual Regional Meetings of the Employers' Units on Labour/Employment issues (in each of the 5 national regions)
- Mobilize Social Media (e.g EC face book for greater interaction)

At the District Level Employers' Units

- Strengthening EC lobby & services at district level
- Improve consultative processes (as above)
- Advocacy with political parties re. Employer issues
- Review of Labour policy in the context of Industrial policy with regional inputs.
- Propose draft legislation for SEZs/Industrial corridors
- Research on relevant subjects to be decided in consultation with districts
- Bipartite consultation with Key TUs at national & Regional level
- Improved training delivery - in scope and regularity (Lab Law, IR, HRM, enterprise competitiveness based subjects)

Setting up new Employers' Units in districts

- 4 new Employers' Units to be set up in Siddharthnagar, Nepalganj, Bara & Susari.
- The need for capacity development of district Employers' Units was also emphasized. The following specific activities were proposed
 - a. Strategic Plans for District Employers' Units
 - b. Training on management of Employers' Units
 - c. Study visits among District Employers' Units

Based on the recommendations/suggestions of the working groups, it was agreed that the FNCCI-EC will prioritize the initiatives and adopt an action plan in relation to each of the 3 objectives.

In the workshop, Mr. Gotabaya Dasanayaka highlighted the tripartite mechanism of ILO and role of ILO Act/Emp. He added that the ILO Act/Emp works to facilitate employers' activities and programs as to develop, strengthen, and enhance capacity and lobbying role of business organization. Its focus area is Labour and Employment. He also told the participants how the ILO Act/Emp has been working closely with the FNCCI for the capacity building of the employers through various programs on industrial relations, workplace cooperation, labour law. He also informed about the HRM as a focus area of support for this year.

This workshop is linked with the implementation of Strategic Plan developed by FNCCI-EC in which the establishment and capacity building of District Employers' Units are given priority.

In the concluding remarks, Mr. Shekhar Golchha expressed that the capacity building/strengthening of District Employers' Units is must to establish sound industrial relations. He also highlighted the importance of the workshop to strengthen districts employers' units. He opined that the FNCCI is currently at the labour reformation process and strengthening of districts employers' units will facilitate the lobbying capacity of districts units. He thanked ILO Act/Emp, Delhi for all the technical support and participants from different district chambers for their valuable support.

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Integrated Social Security System in the offing

The government is working on a plan to bring an integrated legal framework for social security. It will replace the proposed Social Security Fund Act, include workers from informal sector, and cover other social security programs being implemented by various government agencies.

In the labour law reformation process currently undertaken by the Ministry of Labour and Employment (MoLE) with the technical support of ILO, a new social security system was conceived to cover both informal and formal sector workers/employees. A secretariat set up for this purpose has been working in its own pace for the last three four years. Accordingly, Social Security Fund (SSF) Act was drafted by a tripartite committee representing the employers, trade unions and government. Main features of the Draft SSF Act:

- Applicable to both formal and informal sectors
- SSF is a contributory SS system

- Sources for SSF
 - a. Contribution from the workers and employers
 - b. Voluntary contributors for benefits
 - c. Fund received from the government
 - d. Financial Assistance received from the foreign agencies
 - e. Fines
 - f. Fees etc
- Provisions for Board for directors, Management committee and Executive Director
- Provision for investment of the fund in permitted areas like govt bond, Class A Commercial Banks, Loans to approved enterprises and organizations etc
- No contribution no benefits
- Employers' should be listed under the purview of Social Security Fund.
- Employers' should provide records of their employees to SSF.
- SSF shall issue identity card to the employees in their record.
- Without contribution no one shall be entitled to receive benefits under SSF.
- Employers' shall accumulate their employees' contribution in SSF from the day of employment until termination/end of employment.
- If there is more than one employer, each employer shall has to contribute to SSF.
- Contribution Ratio: Listed employers should provide contribution as stipulated under SSF Act.
- Punitive provisions for failure to provide contribution within the stipulated time in the Act.
- The various social benefits to be provided under SSF are:
 - a. Unemployment benefits
 - b. Disable benefits
 - c. Maternity benefits
 - d. Medical benefits
 - e. Dependent benefits
 - f. Old age benefits
 - g. Other benefits
- Informal Sector: Social security benefits for employees working in informal sector can be addressed as stipulated in the act or by making separate provisions.
- Mechanism of collection of contribution may be determined separately for efficiency
- Punitive provisions for providing false details or information
- The government will be responsible for the effective functioning of the fund if it lacks required fund.

In response to the concern of the employers for the enactment of the Draft Social Security Fund Act and Labour Act simultaneously, the government has been waiting for the finalization of the Draft Labour Act.

However, in the recent days, the Ministry of Labour and Employment (MoLE) has asked Social Security Fund (SSF) to prepare a draft of Integrated Social Security Bill. The plan is targeted at avoiding duplication in various social security programs and providing returns to beneficiaries. Currently 13 ministries have been implementing 19 programs related to social security. And so far, there is no rule regarding provisions of social security facility for those working in the informal sector. Integrated Social Security Bill will also incorporate provisions of earlier proposed Social Security Fund Act that primarily focused on employees of formal sector.

In the budget for current fiscal year, the government has declared that seven different schemes of social security would be implemented by managing the records of SSF and preparing contributor's biometric identity card. But, out of nine universal social security schemes to be provided to workers, only four schemes have been designed so far.

Although four packages are in ready position, SSF is yet to get the fund collected for implementation of those schemes and to also complete maintaining database of employees. Collecting the details of the workers and registering it in the SSF database is a must to make it possible to launch the schemes.

It is estimated that the government will be required to collect information of around two million employees for social security benefits plan.

SSF is now working on a draft of Integrated Social Security Bill, which will work as an umbrella Act to regulate social security. The integrated law will replace the earlier proposed Social Security Fund Act and will also encompass workers from the informal sector. SSF is also undertaking discussions to explore the possibilities

of including information regarding social security schemes beneficiaries in National Identity Card (NIC) instead of issuing a separate biometric card.

In absence of NIC, the government has stated in the budget that Electoral Identity Card (EIC) will be used to make the distribution of social security allowances effective. For the purpose of implementing the social security schemes, the government started collecting one per cent from the salary of government employees and private companies since fiscal year 2009-10. The amount collected so far has topped Rs 6.5 billion.

The four schemes that are ready for implementation are to cover workplace accidents, sickness, maternity and medical expenses. The Social Security Fund Management and Operation Regulation, 2011 has provision of nine social security benefits for the employees, which apart from the four mentioned, also includes schemes for unemployment, dependent, disabled, old-aged and family members.

EC Programs in Nutshell

- HR Kurakani : Real Solutions Pvt Ltd, in collaboration with FNCCI-EC held HR Kurakani, an interactive program at FNCCI on a Topic "Need of HR Budget" on July 30, 2014. Young HR managers from various companies participated in the program and discussed the necessity of HR Budget.
- Interaction Program on Draft Labour Act: Mr. Yagyaman Shakya, Deputy Director of FNCCI-EC interacted with the members of Bhaktapur Chamber of Commerce and Industry (BCCI) on draft Labour Act 2071 as a resource person and briefed them about the development achieved so far. The program was held on August 1,, 2014 at the secretariat of BCCI.
- Talk Program: Human Resource Society of Nepal (HRSN) in collaboration with FNCCI-EC organized an interactive talk program on August 2, 2014 at FNCCI. Mr. Anil Trivedi, Chairperson of Hydro-purification Technologies Pvt Ltd was the resource person in the program. He was of the view that the growth of enterprises in potential areas is a must for the development of human resources in Nepal.
- Consultative Meeting on Draft Labour Act : The meeting of the Officer Bearers of FNCCI, Employers' Council members and other member organizations including HAN, FHAN, GAN, Security Guards, APPON, CCAN, Jute, tea, multinationals was held on Aug 13, 2014 at FNCCI secretariat. The meeting was officiated by Shekhar Golcha, Vice president of FNCCI and Chairperson of Employers Council and was attended by Pradeep Jung Pandey, President, Pashupati Murarka, Senior vice president, Dinesh Shrestha, Vice president and Kishore Pradhan, Vice president. It concluded with an understanding on the following points:
 1. The mandate has been given to the Five Member Team from the employers' side to hold dialogue with the trade unions on the disputed draft labour Act issues and make an effort to reduce the differences. The five member team has been formed at the request of the Central Labour Advisory Committee (CLAC), Ministry of Labour. The CLAC has provided two weeks time to settle or reduce the differences to expedite the enactment process of the draft Labour Act.
 2. The team will hold talks and will coordinate the progress with the office bearers and EC Board members and other member organizations.



Discussion meeting on Draft Labour Law

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