

Labour Policy

Nepal has an easily trainable and keen work force. Unskilled labour is cheap and abundant. Semiskilled and skilled labour are available in sufficient numbers. The government has established technical institutions to develop skills at the technical level in civil and electrical engineering, electronics, air conditioning/refrigeration, general mechanics and auto mechanics. Training programmes are also geared to industrial and vocational training in wood working, metal working, leather working, general fitters, tailoring and so on. The programmes on entrepreneurial and management development and the colleges of higher learning provide educated persons to be groomed for managerial positions on both public and private sector industries.

Industrial Relations

Nepal has a history of maintaining good industrial relations during the past few decades when industrial activity gradually expanded in the country. Labour unrest, lockouts and strikes do not occur as frequently as they do in other developing countries. The Labour Act lays down guidelines and procedures for the settlement of disputes between employers and employees. These guidelines and procedures provide a favourable environment for the harmonious development of industrial relations.

Legal Framework

The Labour Act, 1992 lays down the legal framework and the basis for the rules, regulations and guidance on the proper management of any establishment employing 10 persons or more. It deals with matters relating to employment and security of employment, working hours and minimum wages, welfare of employees, employer employee relations and the settlement of labour disputes. Labour Regulation, 1993 complements the Labour Act with further clarification in issues such as security of profession and service, remuneration and welfare provision, health, cleanliness and safety, etc. The Bonus Act of 1974, as amended subsequently, provides a legal basis for the payment of bonus to the workers and employees of factories and commercial establishments.

Wages and Salaries

The wages payable to workers in Nepal are comparatively very low. The low cost of living enables workers to offer their services at relatively low wage rates. The minimum wage rates set by the government are generally lower than the going wage rates for workers. Salaries of middle management executives, technical grade officers, engineers and other professionals are generally lower than in other developing countries. Permanent employees of a factory should contribute 10 percent of the monthly salary to a provident fund and the management should make a matching contribution. Gratuities are payable to workers who have worked for over 3 years.

Working Hours, Holidays Normal working hours are fixed at 48 hours per week, 8 hours a day. Continuous working hours should not exceed 5 hours. There should be a break of half an hour. Overtime work is remunerated at one and a half times the normal wage.

In addition to 13 public holidays, permanent workers are entitled to one day's home leave for every 20 days, 15 days medical leave with half pay and one month special leave without pay every year. Female employees are entitled to 52 days maternity leave with full pay. Such maternity leave shall be granted only twice during the entire period of service. The compulsory

retiring age for workers is 55. However, in the case of a skilled worker whose service is indispensable, the retirement age could be extended up to 60 years.