

Social Security Arrangements in Nepal: An Overview

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Abstract

Social security is considered a major welfare measures to prevent from the uncertainties caused by seen and unseen risks over the life of the people especially for the working mass.

The concept was developed only in the 20th century and adopted by many developed countries. But developing countries are still in primitive stage. The ILO convention 102 (The Social Security Minimum Standard Convention) states nine risks factors that should be covered by the social security. Among the nine contingencies Nepal government have adopted few though still did not ratify the convention. The policy making body-government sector is enjoying far better facilities regarding to the social securities compared to the private sector where informal sector which is more vulnerable among the work force, is totally deprived from the benefits except social welfare programmes. Thus needs to cover all the work force by formulating Social Security Act immediately.

Concept and Definition of Social Security

Human beings throughout the history have been facing various risks over their life cycle brought on by illness, old age, disability, death, unemployment, etc. In response to such uncertainties, various kinds of organized and formal schemes have been emerging over time in different countries. That supports the workers/employee in difficult conditions and situation through various welfare activities. Thus social protection is a system to insure individuals against interruptions or loss of income and unforeseen event arising from different reasons. The welfare measures of the workers/employee during the service period and after the retirement are denoted by variety of terms (social security, social safety nets, social welfare, social insurance, social protection, and social assistance). But in this article all these terms are used synonymously as to denote social protection though individually these terms carry some different meaning.

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The Social Security Minimum Standard Convention 102 of ILO states that the protection which society provides for its members, through a series of public measures, against the economic and social suffering that otherwise would be caused by the stoppage or substantial reduction of earning resulting from sickness, maternity, employment injury, unemployment, invalidity, old age, death, provision of medical care, and provision for families with children (ILO, 1984) which to be considered by the countries under the social security scheme. Besides the convention no. 102 other various ILO conventions (12, 17, 18, 19, 42, 103, 118, 121, 128, 130, 157 and 168) have also incorporated some of the provisions related to social protection (Manandhar and Devkota, 1999).

Basically the nine branches of social security mentioned in the ILO convention 102 have been derived from the diagnosis of poverty in the industrial countries where employment or full employment in the organized sector is the norm. Protections are designed for the stoppage or reduction in earnings when people are out of work due to unforeseen circumstances. In developing countries, the workers condition is different from that of the developed countries. They are suffering from long working hours, hard works, unsafe working environment, less than minimum survival wage and constant threat to unemployment. The character of poverty in developing countries is very much sever than that of the industrialized countries.

Different international institutions have different approaches of working for social security. World Bank is working through social risk management approach that aims to provide instruments for enabling people minimize the impact of risks exposure and prepare themselves to be out of poverty and lower their vulnerability with primary concern of human capital development. Enhancing the coverage and effectiveness of social security for all is one of the four strategic objectives of the ILO for which it emphasizes on promoting decent work for all and recognizes social protection as a human right. Through the social security measures, Asian Development Bank (ADB) aims to reduce risks and increase opportunities for achieving its objective of reducing poverty. It defines social protection to consist of policies and programmes designed to reduce poverty and vulnerability by promoting efficient labour markets, diminishing people's exposure to risks enhancing their capacity to protect themselves against hazards and loss of income (Gautam, 2007). The main objective of this article is to highlight the social security provisions existed in Nepal and their performance to provide social protection to the labour force.

Social Security System in Nepal

Need of Social Security

Though the figure of unemployment is not so high, underemployment remains considerable in Nepal. Likewise, two thirds people are deprived from one or the other basic needs – fooding, clothing, housing, health care and primary schooling. In the absence of sustainable and effective social security programmes targeted to poor and vulnerable people, living condition of low income people usually in rural areas has meagrely improved over the years. Thus, members of these households compelled to involve even in the worst

forms of labour. Large part of social security expenditure of the government goes for paying pension to the retirees from civil servant where the neediest population depending in informal sector work is virtually untouched by the schemes. Thus social security schemes needs to direct on poverty reduction, income re-distribution, enhancing productivity and supporting people to meet their basic needs (Gautam, 2007).

The worst form of labour is not only related with the poverty and informal sector employment in rural areas. Most hazardous occupations are also located in the industry and service sectors in urban areas as well. Consequently, social security initiatives need to be cover all the areas and sectors of employment. But unfortunately, neither the concept of social security has gained due consideration in policy formulation as well as in the development discussions until very late, nor there is a single institution in Nepal that is explicitly mandated for supervising social security affairs mainly because of political instability and lack of strong political will of the policy makers.

The employees working in the government sector is enjoying social security provisions one or more according to work place where in the formal private sector this provision is limited. But all the informal sector workers remain without any provisions except the social safety nets provided by the government to all its citizens. It is also important to understand that economically inactive men, women and children are not in the labour force but needs to cover by social protection measures which is not yet realised by the concerned authorities. In this context, Nepal has not only to adopt expansion policy of social security but also duly modify the system to ensure basic needs to all its citizens considering the sustainability aspect too.

Existing Social Security Provisions

Provisions of social security in Nepal are not new. It has been prevalent in the Nepalese society since long ago in different forms. As the time passes the provision or structure of social security schemes has changed. The extended or joint family system is the oldest social security provision prevalent in Nepal. But these days such family system is disorganizing due to modernisation. This increased concern on social security of the elderly family members more and more. Likewise, all Nepalese parents prefer son mainly to conform their old age security and this is rooted in the Nepalese society because of the lack of the social security system from the state at the old age. Broadly the social security measures prevalent in Nepal can be divided into informal and formal.

Informal Systems

Communal and family support is the traditional means of social security that sustained in Nepalese society backed by social values, communal attachment and people's beliefs on religious matters and played a significant role in shaping and supporting the socio-economic development of the community in particular and country in general. Various ethnic or communal groups have traditionally made some arrangements to support participant families

against selected contingencies regarding social security. Such mutual aid and pooling of social funds for the welfare of the needy people are the important forms of informal social security services prevailed in Nepalese societies since time immemorial. Among them Guthi (community welfare trust) is one of the living example prevailed in Newar communities especially in Kathmandu Valley initiated since more than 2000 years. The Guthi tradition has played a significant role in shaping and supporting the socio-economic development of Newar community through supporting each other making communal attachment tighter and warm (Shakya, 2000). Similarly, Dhikur or Dhikuties, Dharam Bhakari, Mutual Aid Arrangements (cooperatives, self help organisations and small welfare fund arrangements), Parma, Saghau, etc. (Upadhyaya, 2003) prevailed among different casts and ethnicities are the traditional cultural and religious arrangements. Most of them are still prevalent in the societies even though such traditional non-institutional support systems are weakening along with the process of modernization, globalization, wider practice of nuclear family system, wide spread of consumerism and individualism.

Besides the non-institutional attempts for providing social securities to the people institutional practices were also emerged and worked in support of the people involved in different fields but could not cover the entire population. However, over a period of time traditional supportive measures are weakening, institutional attempts are insufficient and hence government efforts through formal schemes are considered more important than ever.

Formal Systems

The origin of the formal social security system in Nepal can be traced back to the provisions made in the Muluki Ain (Civil Code) 1854 under *jhara khetala mahal* where it was mentioned that the workers should be paid agreed wages and non-compliance of this is legally punishable. It is further stated that no employer can force any person to work against his/her consent. Actually, the provision is made to guarantee the rights of the workers. This may be a small beginning in the age of slavery and definitely considered a bold step forward. The legal base provided by the Muluki Ain is being subsequently captured by numerous other laws and by laws to be formulated afterwards to guide and regulate employee-employer relationships. For example, the Civil Service Act and the regulations made under it provide social security framework for the civil servants. The Factory and Factory Workers Act 1959 has incorporated some of the welfare provisions to the manufacturing sector workers but implementation part was very poor. Labour Act and its regulations spell out social security provisions for enterprises employing ten or more than ten persons (Manandhar and Devkota, 1999) and Bonus Act describes the provision and distribution of bonus in any enterprises. Besides the provision in the acts and regulations the constitution of 1990 has also incorporated some provisions related to the social security. The constitution has visualized creating a welfare state based on economic, social and political justice protecting the life, property and liberty of the people. The term social security has been specifically mentioned under section 9 of the State Policies mentioned in the directive principles and policies of the state of the constitution. The section states "The

state shall pursue such policies in matters of education, health and social security of orphans, helpless women, the aged, the disabled and incapacitated persons will ensure their protection and welfare" (Government of Nepal, 1990). Government has implemented Social Security Programme Directives to regulate Allowance Programme of the government in 2004. Senior Citizens Act, 2006 has been promulgated but not effective much in the absence of necessary regulations. Under the Fundamental Rights (part 3) Section 18, regarding social security, the Interim Constitution of Nepal 2007, states that 1) every citizen shall have the right to employment as provided for in the law. 2) women, labourers, the aged, disabled as well as incapacitated and helpless citizen shall have the right to social security as provided for in the law, and 3) every citizen has the right to food sovereignty as provided for in the law (Government of Nepal, 2007).

Lastly, it can be concluded that various provisions regarding social security system in Nepal has been incorporated in different acts and laws including constitutions of the country. But their realization in practical life is very poor whereas it is further weak in private sector. Public sector employees are mostly covered by one or the other social security schemes where employee of unregistered private organisation can hardly expect protection through such schemes. In private sector such provisions are mostly confining within big business houses and formal establishments. Thus in recent days strong need of a separate Social Security Act regarding to manage all provisions related to social security is realised by all.

These features clearly show that formal social security system is a relatively new phenomenon in Nepal. Most of the people can barely understand its basic principle and might be reluctant to contribute for the system, in general case. Despite of some progress in regulatory frame work it is yet to develop a comprehensive set of policy and give focused priority to social security in national level overriding the problems arises. Among the existing formal social security schemes some major ones are highlighted below.

Provident Fund

The provident fund (PF) is the first formal social protection scheme initiated by the state with the establishment of Sainik Drabya Kosh (Army Provident Fund) as a contributory scheme to remove financial hardship of army personnel after retirement. After one decade Nijamati (Civil Service) Provident Fund (PF) was established like Army Provident Fund. In 1962 both of these institutions were merged and renamed Employee Provident Fund (EPF). Since 1979 the EPF has started to receive PF from the public school teachers as well as staffs. From 1990 it has further expanded its coverage and welcomed workers from manufacturing establishments (employing 10 or more workers) too. Now, EPF is managing the PF of civil servants, army, police, public enterprises, public school teachers and staffs, constitutional organisations, financial institutions under Nepal government, etc where private sector institutions under formal sector are also attracted and started to join with EPF voluntarily under mutual contract between EPF and concerned institution. But this system still covers only a limited number of employees (only permanent workers)

involved in some of the formal institutions, where large number of workers in the formal sector and all informal sector workers are deprived from this benefit. The fund is created depositing 20 percent monthly salaries of the employees equally contributed by the employee and employer. It is the prominent form of old age benefits and only the compulsory contributory benefit prevailing in Nepal. Along with the effective management of the PF the EPF has introduced other several beneficiary schemes during the service period and after retirement to its members. The consolidated amount is refunded to the respective employees upon his/her retirement or termination from the job with specified rate of interest par to the rate prevailed in the financial market in the country. (EPF, 2009).

Besides this universities used to deposit the provident fund of their employees in a separate account of their own called 'Provident Fund' and managing under the respective university rules and regulations. Most of the private sector institutions are depositing the amount in their own account and utilising according to their will without providing any additional benefits to the members. Some of the enterprises have deposited the PF amount in separate account in the local bank where some have deposited in their own account. While analysing the various provisions of different institutions regarding the management of the provident fund of the workers the best and beneficial is found managed by the EPF that only provides additional benefits.

EPF Act makes mandatory provision for the government sector employees while it grants voluntary coverage for the employees in any institution with ten or more employees where other workers are deprived from this benefit. Now the number and institutions affiliated with EPF is increasing gradually. Till the end of the FY 2008/09 the financial liabilities of the EPF reached more than 79 billion rupees from 440 thousand depositors from 99 private institutions along with the government sector institutions (EPF, 2009).

In addition, the members can benefit through other benefits like cheaper loan facility as and when needed on the collateral of the deposited amount, Rs. 10 thousand funeral assistance in case of his/her death while being active in the job, Rs. 65 thousand financial support to the member or families against accident caused disability or death of a member and periodic pension scheme (0.75% of the deposited amount) after retirement against his/her provident fund contribution without making any additional contribution. Besides this, the descendant of the government sector employee are entitled to get Rs. 150 thousand through EPF after the death of the employee as a Employee Welfare Fund Insurance of the government (EPF, 2009). This scheme is also known by Survivor Benefit Scheme. No any additional support or scheme provided to the employees of those institutions whose provident fund is managed by the concerned institutions themselves. Thus needs to focus to join EPF for more benefits to the employee.

EPF is a good scheme to boost the morale of the employee since they feel financially secured after their retirement. But in Nepal the concept of PF has been defeated as the employee can withdraw certain percent of their deposited amount at any time prior to the retirement or death. Such facility is not available in other countries including India. ILO has recommended to the government to discourage the practice of borrowing until and unless the employee is in pay roll. However, the government of Nepal has been never pay

attention to the ILO suggestion. It is because that the EFP failed to mobilise the saving of the members and claimed that the value of the amount withdrawn today can generate more than the amount can after retirement due to high inflation rate prevailed in the country. Lastly, started with limited coverage and narrow objective, the provident fund scheme has now been gradually extend the objectives and coverage.

Pension

Started from military personnel in 1930s pension scheme is another prominent form of old age benefits applicable only to the permanent employee working in government sector, public schools, universities, some banks and public enterprises. It is a non-contributory scheme applicable only termination from the job completing minimum years of service to be eligible for pension (e.g. 20 years for civil service and 16 years for police and military). Since 2005 government has replaced existing non-contributory scheme by contributory one due to increasing financial burden to the government. Initially this scheme was applicable to the civil service employee (hired after implementation of this scheme) and government is planning to extend it all government employees. This fund is managed by Citizen Investment Trust (CIT). Now 17,000 civil servants are the member of contributory pension scheme but this scheme is in debate currently. The pension rate differs slightly in different service sector but normally the amount ranges from 50 percent of the basic salary last drawn to 100 percent without adjusting inflation in the pension amount.

Gratuity

Where a permanent employee (from the institutions where pension scheme is prevailed) decides to separate earlier from the work, s/he is entitled to have a lump sum gratuity (minimum of 50 percent to the maximum of 150 percent of monthly salary) calculated on the basis of number of years of service after completing minimum years of service. It is 50 percent to 100 percent in some of the public enterprises and private sector where pension facility is not prevailed. The minimum service period is five years in Civil Service Act and three years in Labour Act. Tea estate workers have to wait till four years to be eligible to get gratuity where the rate of gratuity is further low for them. At present the working mass is raising voice strongly to eliminate the qualifying period for gratuity because all workers should be eligible irrespective of his/her service period.

Sickness Benefit

Paid sick leaves and medicare facilities are two benefits under the contingency of the employee sickness benefit. Civil servants enjoy far better facility than the private sector employees both in terms of paid sick leaves and medicare facilities where the workers of informal sector are deprived from these provisions or enjoying little facilities in limited services as a kindness of the employer but not mandatory. Government sector employee

are entitled to get 12 days paid sick leave per year and expenses equivalent to 12 months' salary for officers, 18 months' salary for class I non-officers and 21 months' salary for others as medicare facilities. As per the Trade Union Regulation, workers involved in the organised private sector may get half paid sick leave for maximum 15 days in a year. A Welfare Fund is created depositing the remainder of the bonus distributed as per Bonus Act to use for immediate assistance for sickness and accidents of the employees and his/her family members, provisions for children's education, games, recreation, library and club facility, provide soft loan on special conditions to the employees, relief measures during natural calamities and any other general welfare of the employees. But this fund is not utilised yet and the amount is mounting every year. As a result of the non use of the fund no workers benefited from the fund. Thus needs to utilise this fund properly by making a suitable and transparent procedure for management and distribution.

Work Injury

In case of work injury employers are obliged to pay injury benefits. The injury benefits provided to the civil servants is far better than the provisions made for the workers under the Labour Act. Overseas treatment provision is being made for the civil servants as decided by the committee formed under Civil Service Regulations and recommendations of the Medical Board along with paid leave where the employee under Labour Act can claim up to 100 percent compensation of the medical expenses on the recommendation of a certified doctor including paid leave where hospitalization is required and half paid leave not exceeding one year period where hospitalization is not required, but silent on overseas medical treatment.

Work Accident

Work accident claims involve medicare plus paid leave. However, in the government sector, there is a provision of pension plus a lump sum payment of Rs. 10,000 plus 20 percent of the monthly salary where there is the termination of the job due to an accident. As per the Labour Act an employee can claim the maximum five years salary depending on the status of disability. But the tea estate workers can claim maximum four years salary on the same. In case of death due to work accident there is the provision for pension plus additional 50 percent of the pension plus three months salary in the government sector where in the private sector three years salary to the nearest family member of the deceased worker is to be provided. Besides that in this sector priority of employment to one nearest family member is to be given in the company concerned. A provision for accident insurance is applicable for workers in transport industry, construction industry and tea estates. There is also a provision to have special insurance coverage during specific task assignments.

Maternity Benefit

Female workers in formal sector are entitled to get paid maternity leave of different periods depending the sector and institution. The leave period is ranging from 45 days in

tea estates to 98 days for senior Judge, while it is normally 60 days in government sector and 52 days under Labour Regulations only for two surviving children. But in non-government sector the provision under law is not applied in all the establishments where informal sector workers are fully deprived from such benefit. Now there is some provision of paternity leave in government sector and in some private sector organizations or institutions as an influence of trade unions to take care the spouse after delivery. Trade unions are raising voice continuously to raise the maternity leave for 90 days and paternity leave of reasonable period in all sectors and establishments.

Besides these social security related contingencies government of Nepal is running some of the social welfare programmes covering the whole country.

Old Age Allowance

As a part of social security arrangement for the entire elderly population in order to recognize the senior citizens' contribution in nation building government has introduced the Old Age Allowance Scheme in FY 1994/95 for the first time applicable to all aged 75 years and more irrespective of class/level of income. This system is also non-contributory one. Started from Rs. 100 per month the allowance reached Rs. 500/month in the FY (2008/09). The cut-off age bar to be eligible to get senior citizen allowance was also reduced and fixed as: a) all individual who completed 70 years of age, b) all individual who completed 60 years of age, residing in Karnali Zone only and c) all Dalits who completed 60 years across the country. The budget of 2009/10 continued this provision with further improvement. The government expenditure on old age allowance has increased gradually in the subsequent years as the change in aged population, policy and amount of allowance though still the scheme could cover less than three fifths elderly population due to lack of awareness/knowledge caused by low publicity, problem of citizenship certificate, distribution procedure, etc.

Issues associated with the welfare of senior citizens were not given adequate attention until 1990. This fact has been realized in the Ninth Plan document and continues in the Tenth and current Interim Plan. Considering the importance of senior citizens the current Three Year Interim Plan (2007/08-2009/10) has duly been recognized senior citizens as the bearers of social values, tradition and culture and considered invaluable asset of the nation. The plan aims at making the life of senior citizens easier, utilize their knowledge, skill and experience in nation building, create the sense of respect among the newer generation towards senior citizens and protection of their rights and create congenial atmosphere for their economic and social security through adopting appropriate policies (Shrestha, 2009). But, the application part is very poor where senior citizens in Nepal are still neglected by the family members, society and nation and suffering more along with the modernization. The situation demands strong action of the government to honour the senior citizens in the country by providing necessary security.

While distributing the senior citizen allowance focused should be given to the need based approach and should avoid duplication of benefits to the citizens. Besides the allowance

government is also focusing on extension and management of elderly homes to helpless old people as a social security to senior citizens. In this context more than 150 NGOs working with elderly population are affiliated with Social Service Council.

Helpless Widow Allowance

Another non-contributory benefit scheme was introduced with the view to provide social support to the helpless widows aged 60 years and over. The amount in the beginning was Rs. 100/month and reached Rs. 500/month now. In 2004 government has remove the age bar to those widows whose husbands were died in Maoist conflict. This little amount is not sufficient as a social security to the helpless though it helps to the needy widows to maintain their family and to earn respect in the family and the society to some extent. According to an estimate now only 37 percent widows are benefited from the programme. All the women should be benefited eliminating the age bar prevailed at present. Now this scheme also covers all single women: widow, never married and divorced. In this context it is strongly recommended that the age bar should eliminate to be eligible for widow allowance because the young widow suffers more psychologically due to restriction for remarriage by our socio-cultural and religious values and norms. Generally, the number of such women is increasing gradually.

Disability Allowance

Disability allowance is another non-contributory benefit provided by the state under quota system since 1995. For this purpose disable people are categorised into two groups – full disable and partial disable. The quota was fixed for each district on the basis of population size of the district. All the full disabled are eligible for allowance where selected partial disabled aged 16 years and above will be eligible for the said allowance. The amount of allowance is also differs for full (Rs. 1000/month) and partial (Rs.300/per month) disabled persons. Now in total about 7000 disabled population are benefited from this allowance and recommended to cover all crucial disabled on the basis of need.

Assistance to the Marginalised and Endangered Ethnic Groups

Besides these non-contributory allowance managed by the state, since last two years government has decided to cover the family members of marginalized and endangered eethnic groups such as the Kusunda, Raute, Hayu, Kisan, Meche, Bankaria, Surel, Raji, Lepcha and Kusbadia from social safety nets who completed 60 years of age. They are also benefited from monthly allowance equivalent to Rs 500 except Raute where they are entitled to get Rs. 1000 from FY 2009/10. Likewise, the current year budget has also committed for permanent settlement to Raute ethnic group if they wish.

The government budget on social assistance programme is increasing annually because of the increase in the number of eligible citizens, change in the government policy. The

current year budget has allocated Rs.7.78 billion for social security schemes. In addition to that, needful budget is allocated for the establishment of Health Shelter for Elderly Citizens one each in all the five development regions with the objective to provide appropriate care, medical treatment and attentions to the conflict-affected elderly citizens. Likewise, budget is allocated to establish Puspahal Sarjak Home in Katmandu to ensure due respect and security of the elderly national talents.

Unemployment Benefit

To solve the unemployment problem prevailed in the country the Self Employment Scheme was introduced to the interested unemployed youths to undertake activities like commercial agriculture, agro-industries or service sector was started from last year (2008/09) and the current year budget has also continued the programme providing loan up to Rs 200 thousand from the banks without any collateral. Besides loan facilities, free vocational and technical trainings will be provided to such interested youths under the joint collaboration of Federation of Nepalese Chamber of Commerce and Industry and technical and vocational training institutes being run under the government. In the current years' budget Rs. 355 million is allocated for this programme. Likewise, provision was made by the current year budget to provide loan to 5000 Rickshaw Pullers from Self-employment Fund to buy or hire rickshaws with the concept of making them the owner of their source of earnings in the next fiscal year.

Provisions under Citizen Investment Trust (CIT)

CIT established in 1991, is a pioneer institution in carrying various kinds of voluntary retirement schemes on the basis of fully funded and individual account. It is accepting saving from both individuals and institutions voluntarily and mobilised 15.58 billion rupees as of mid-July 2009 by initiating Employees Saving Growth Retirement Schemes, Citizen Unit Scheme, Investor's Account Scheme, Gratuity Funds Schemes, Employee Insurance Fund Schemes and Teachers Insurance Fund Schemes. The Employees Saving Growth Retirement Schemes alone contributes more than 56 percent of the total saving. This highlights that the CIT has started limited social security schemes like retirement fund, pension schemes and insurance though it is not a social security providing institution. CIT is also managing government staff group insurance scheme collecting Rs. 200 per person per month and will receive Rs. 25,000 to Rs. 100,000 after compulsory retirement. But it is not applicable to the voluntary retired staff.

Other Social Assistance

For uplifting the living condition of underprivileged people, women and children, there are different programs launched through various ministries especially Ministry of Women, Children and Social Welfare. However, attempts have been made for making the

programs sustainable and support in fulfilling basic needs of socially and economically backward communities. Recently, introduced scheme - Senior Citizens Treatment Program aims to assist those aged above 65 years from meeting health services providing a medical grant. Under the scheme, government pays maximum of Rs. 4000 to a person in a year. At present, its coverage is limited in selected areas and suggested to cover all elderly population from all over the country.

In the same way, Ministry of Local Development and Labour Ministry also launch programmes related to social protection which are usually targeted to poverty reduction. But these programs have shown poor performance due to centrally managed. Ministry of Education has conducting various formal and informal education programs on the one and on the other the ministry is also begin various support programs for the poor and girls child to empower them through education. The community development programmes conducted by various I/NGOs and CBOs are not directly related to social protection but most of the services (community targeted and that uplift the living standard of the people) delivered by such organisations remain within the purview of social protection system.

There are some additional benefits like – children's education, health support, housing schemes, legal assistance, micro-insurance, special programmes for widows and family members and interest free loan facilities for military people and their families. Currently all the army personnel are compulsorily insured in retirement benefit insurance, accident insurance, residential insurance though the benefit is not so high. Police personnel and their families are receiving health facilities from Police Hospital and recently hospital for civil servants is also came in operation to provide health facilities to the civil servants and their families. Likewise, the teaching hospitals affiliated with the different universities have providing limited health facilities to its employee and the employee of the concerned university. In this context the private sector employee along with the informal sector workers are deprived from such medicare facilities.

Recently, government of Nepal has introduced one percent social security tax but the modality of the utilization of the tax amount is yet to fix. For this purpose the government has formed a tripartite committee under the chairmanship of Finance Secretary (Revenue). For the better utilisation of the fund a strong labour registration mechanism should be developed at the grass root level with proper training to the concerned authorities.

The government has allocated 7 billion 780 million rupees for the social protection in the current years budget. While analysing the expenses pattern of the government budget in the earlier fiscal years, around half is spent on social security for formal sector workers while one third is spent on micro-credit where less than 25 percent poor people of the country are receiving some form of social assistance, basically micro-credit. Likewise, around seven percent social security expenditure goes on social assistance programmes including senior citizen allowance, helpless widow allowance, disabled benefits, etc. while six percent is spending on child related interventions including scholarships for girls and children from disadvantaged groups including dalits, provision of free text books and meals for primary school children (Kabeer, 2009).

Causes of Slow Development of Social Protection Issues in Nepal

It is revealed that the social security issue is not the major agenda of the government of Nepal. Similarly, employers always try to avoid the issue as much as possible to maximise their profit and employees are not bothering much on this issue mainly because they are not looking forward and giving priorities to solve the present problems. In other words, all the three social partners found reluctant towards the social security system due to different causes. Workers and their organisations raise the issue to some extent but did not give more importance in early period. They became more serious on this subject when the employers raise the issue of hire and fire. Before that workers' union were focussing on permanent appointment strongly and after that concern of the employers they become liberalised to save the employment and started to emphasise on hire and fire V/S social security at present. Initially all the three social partners were reluctant towards the social security system mainly because of the following reasons (Manandhar, 1999). Workers were not raising the issue of social security much because:

- Trends toward having all benefits in cash.
- Less interest in future.
- Possible emergencies/contingencies are left out.
- Skill development agenda not included as a priority.

Equally, the employers have neglected the issue because mainly by two reasons.

- As a result of employers' contribution on social security, cost of production will increase and leads to competitive edge and ultimately cuts down their profits.
- Increases employer's liability toward the workers family and children.

In any country government seems to be the responsible institution to provide social protection to its citizens. But in Nepal government put this issue in low priority area because:

- Social security involves huge liability to the government in terms of finance and administration.
- Once introduced it is very difficult to withdraw often it takes the shape of a right.
- Most difficult to manage.
- Politically sensitive and can exert far reaching expected and unexpected consequences.
- Pensions and unemployment benefits can act as a disincentive to work.

Conclusions

The concept of social security in Nepal is gradually shifting from the realm of the society to the state. Traditionally and even to date, to a large extent, the society including the extended joint family system and the community has performed the role of the social

security in Nepal. Women, children, aged and disabled people all are taken care by the kith's and kin's belonging to the joint family system. People still look upon it as the basic source of social security. The modern form of state sponsored social security system is relatively new and unknown. It is still mainly confined to civil service. Although the concern for social security first appeared in planning documents in 1985 with the enunciation of the programme to fulfil basic needs, namely fooding, clothing, shelter, education, health and security.

In spite of the various schemes related to the social security of the working population, it covered only a small fraction of labour force. EPF confines to limited organised sector employees, CIT has universal coverage but not fundamentally a social security scheme and yet to attracts only upper income people. Some of the employee especially government sector are liable to receive pension or the gratuity along with the provident fund and other contingencies. Not only that, they also be the beneficiaries of old age allowance as well as widow allowance in their old age resulting into multiple benefits for the same people where large part of labour force are deprived from either schemes. This indicates that the social protection system in Nepal is one sided favouring advantaged group, i.e., government sector employees a lot, who are also the policy maker.

Although the organised sector constitutes less than five percent of the working population, social security programme is highly confined to provident fund as a single contributory scheme but that covers very few employees/workers. All other social security measures are non-contributory. Pension scheme is basically applicable only in the civil service and in some state owned institutions and enterprises. Gratuity provides another important outlet for job losses. Public services offer better social security facilities than in the private sector. However, the level of security in terms of contingencies and benefits covered are far from satisfactory level.

Developing a comprehensive inventory of social protection arrangements in Nepal presents a number of difficulties. The Nepalese government has introduced various activities related to social protection focusing on poverty reduction/elimination but the programmes are overlapping due to the scattered nature of activities by different ministries, I/NGOs, CBOs without any coordination even with the line ministries. Likewise, education grants/scholarships, vocational training opportunities, access on micro credit programmes, income generating activities and Food for Work Programme are the major (ADB, 2004) activities introduced by the government as part of the social protection. Furthermore, the concept of social protection is not prominent in either planning or reporting activities of ministries and the result is that similar activities across ministries can be presented very differently both in terms of terminology and classification.

Recommendations for the Future Action

Social security is an area which concern to all citizens before births to after death. Thus to insure individuals against the contingencies as prescribed by the ILO Convention 102

the Nepalese government should initiate its activities towards ratification of the Social Security Convention 102 and introducing Social Security Act immediately.

Establishment of a contributory social protection schemes and elimination of non-contributory schemes focusing equally both the formal and informal sector workers following the registration of workers at grass root level covering all sectors and skill categories is urgent need. The contribution should be fixed on the basis of the prevailing wage rate where the benefit distribution policy should be linked with need based approach on the basis of occupational identity card provided after registration. It is felt that a strong need to make more responsible to EPF providing the authority to manage all the social security provisions in the formal sector where separate independent, autonomous and empowered institution is necessary to manage the welfare activities conducted for the informal sector workers/employee to insure certainty of the benefits to all population. At the same time a high level mechanism under the Finance Ministry is to create to monitor, supervise and coordinate all the social protection schemes representing all the stake holders that also help to eliminate multiple benefits. For promoting assistance to the poor, poverty alleviation fund should be developed as an integrated plan by replacing all other temporary schemes. Poverty is widespread and inequality is widening in the country, major objective of social security system of the state should be on dealing with such problems.

To ensure food security for all its citizens the government needs to provide essential food grains at subsidised rate by providing Rashan Card along with the occupational identity card identifying the needy workers/employee throughout the country. Likewise, a comparative detailed study on social security covering mass workers/employee, employers involved in different sectors and areas, concerned government ministries and institutions, I/NGOs, CBOs connected with the activities related to social protection and experts is urgently needed to establish a scientific and permanent social security system in the long run covering both formal and informal sectors.

The allowances is a good gesture towards the recognition of senior citizens, widows and disables than a kind of real social protection on an average. However, it is highly helpful to maintain the lives of them on the one hand and to earn high regard in the family on the other hand in many parts of the country, thus needs to make allowance schemes practical by identifying needy population. Along with the allowance the government should start income generating programmes at local areas targeting the needy citizens that helps them to be self employed and sustainability of the protection measures.

Health care of workers and their family is very much important. When the employed people or their family fall sick they are not only loose their daily, monthly income, but also they should spend a large amount of money for life saving drugs and treatment. Most of the workers working both in the formal and informal sector are unable to afford treatment expenses from their income. Thus there is an urgent need of health insurance through generating a fund contributed and managed by the three major stakeholders covering all areas of the country and sectors of employment. The fund is used to cover certain fixed percent of the treatment expenses and providing basic health education. The rate of contribution and the modalities of the insurance scheme should be determined with the

discussion among the stakeholders. At present there is limited health insurance or Medicare facility to few employees working in the limited sectors. The unused sum of Workers' Welfare Fund can be used to construct a workers' hospital focusing medical care of workers and their families like the hospitals of army, police and civil servants.

Creation of gainful employment to all the citizens who are economically active was realised one of the major instrument to assure better livelihood of the citizens by minimising the poverty. To focus on employment generation various commissions and institutions were developed in different periods but rate of success is very limited where there is some improvement in foreign employment, though there are lot of complications raised by it. In this context the programme (generation of self employment by providing interest free loan to the energetic youths) brought by Maoist led government last year will be fruitful to some extent. Thus needs to continue with necessary improvements.

The Universal Declaration of Human Rights has included social security as one of the basic human rights and many countries in the world have included one among the basic rights in their constitution. In this context as of the demand of all the working mass the issue of social security should incorporate in the up coming constitution of the Kingdom of Nepal as a fundamental right of the workers for all working population in any sector.

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