

**ROLE OF TRADE UNIONS IN  
MICRO AND SMALL ENTERPRISES IN NEPAL**  
[A Case Study of Small Restaurants]

Prepared for

In Focus Programme on Boosting Employment through Small Enterprise Development  
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# CONTENTS

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## **Abbreviations**

### ***Executive Summary***

## **1. INTRODUCTION [ 1 ~ 3]**

1.1	Background	1
1.2	Employment Creation and Social Protection of Workers	1
1.3	Policy and Regulatory Measures	2
1.4	Justification of the Study	2

## **2. STUDY METHODOLOGY [ 3 ~ 6]**

2.1	Objective of the Study	3
2.2	Approach	3
2.3	Methodology	3
2.4	Scope and Limitation	6

## **3. MICRO AND SMALL ENTERPRISES IN NEPAL [ 6 ~ 11]**

3.1	Overview	6
3.2	Major Concerns of the Workers	8
3.3	Regulatory Measures for Workers in MSEs	8
3.4	Status of the Stakeholders	9

## **4. TRADE UNIONS AND THEIR ROLES [11 ~ 13]**

4.1	Overview	11
4.2	Activities Directed Toward Micro and Small Enterprises	11
4.3	Problems and Threats	13

## **5. SITUATION OF WORKERS IN SMALL RESTAURANTS [13 ~ 23]**

5.1	Industry Description	13
5.2	Status of Restaurants	16
5.3	Status of Workers	17
5.4	Employers' Perspective	22
5.5	Major Problem Areas Concerning Workers	23

## **6. THE STAKEHOLDERS OF SMALL RESTAURANTS [23 ~ 27]**

6.1	Government	23
6.2	Employer	24
6.3	Worker	25
6.4	Trade Union	26
6.5	Civic Society	26

## **7. POLICY INITIATIVES AND FUTURE ACTION [27 ~ 32]**

7.1	Government	27
7.2	Employer	29
7.3	Trade Union	30

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7.4	Civic Society	31
7.5	Alternative Organization	32

<b>8.</b>	<b>CONCLUSION [32 ~ 33]</b>	<b>32</b>
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**Tables**

**Annexes**

**Reference**

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# EXECUTIVE SUMMARY

## The MSE Sector in Nepal

1. The move toward economic liberalization since the beginning of 1990s and the right to organize as a fundamental right enshrined in the country's Constitution at the same time, have been the prime forces for the growth of the informal sector with a large number of micro and small enterprises (MSEs). There has also been a strategic shift in economy from agriculture to non-agriculture sector, and with only a handful of medium and large industries in the latter, the MSE sector, after agriculture, is the main provider of employment for the rapidly expanding labour force in the country. MSEs are found in three dominant areas: the service (restaurants, printing press, transportation, auto repairs, etc.), traditional crafts (woodcarving, jewellery, hand-knotted carpets, etc.) and small manufacturing units (bakery, dairy, grain milling). The growth of MSEs has resulted in large migration of rural poor to the urban areas looking for better economic opportunities.
  2. MSEs in Nepal possess characteristics such as informal and family relationships between employers and workers, self-employment and close guidance of the owners having poor managerial skills. Employment regulations are hardly applied; situation of social protection and welfare for the workers are on familial norms; and trade union activities are basically non-existent. Trade unions are seen as one of the major stakeholders capable of improving labour practices and working conditions in these enterprises.
  3. There is no definite definition of the MSE sector in the country, but it goes by with the employment and investment norms normally accepted all over. However, the study has considered the working definition of small enterprises based on ILO's IFP/SEED, viz – MSEs employing between 2 to 20 workers operating under the formal and informal sectors. The report identifies a number of policy initiatives and future actions required to be taken up by the government, trade unions, employers' associations and the civil society to develop the sector and to promote organization, social protection and welfare.
  4. There are two labour laws, the Labour Act, 1992 and the Trade Union Act, 1993, that are by and large meant to service the labour force in the country and address the interests and rights of the workers. However, these two sets of laws fail to translate the spirit of the National Labour Policy because of their larger focus on the formal sector and the enterprises employing 10 or more persons only. On the MSE front, these laws, deficient as they are, have not succeeded in mitigating the exploitative situations prevailing them. Both the trade unions and the government have remained helpless.
  5. This sector is also characterized by high turnover of the business itself in terms of their longevity, high turnover of the workers, and less tendency toward formalization. Most of the workers are illiterate or semi-literate, unskilled and work in very poor conditions coupled with long working hours and low wages. Most of the entrepreneurs are males, but workers of both sexes exist in varying degrees in different areas, and instances of child workers and gender discrimination is quite high.
  6. Nepal has a wide range of government institutions with varying abilities and involved in the support of MSEs. The Department of Cottage and Small Industry/HMG is the authority concerned with the development and promotion of the MSE sector as are other bodies like the Ministry of Tourism, Ministry of Commerce, and Ministry of Local Development etc. However, they lack coordination in targeting this particular sector. The employers are mostly self-developed entrepreneurs working within the family environment and exhibiting familial relationship with workers
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7. There are three prominent trade union federations: the Nepal Trade Union Congress (NTUC), General Federation of Nepalese Trade Unions (GEFONT), and Democratic Confederation of Nepalese Trade Unions (DECONT). Together they have 52 unions under their umbrellas and these encompass workers of different sectors including a few in the MSEs. However, their activities are mainly focused on the legally registered formal enterprises and their reach to the MSE sector is limited. The Labour Act, 1992 that is mainly responsible for the protection of the rights and welfare of workers applies mainly to enterprises having 10 or more workers and less to the MSEs. And the lack of qualitative situational analysis of the MSE sector has further impeded the efforts of the trade unions to understand the status of workers and develop appropriate strategies to service them. Because of this inability, the orientation of the national unions is generally toward the formal sector only.

### **The Study**

8. This study has been carried out with an objective to identify appropriate policies, strategies, intervention areas and roles of trades for organizing workers in the MSEs, promoting employment and providing social protection to them. This has been done by taking up the case of one subsector, i.e., the small restaurants as reference to the overall situation of the MSE sector and the role of trade unions and other stakeholders in this sector. The study has been undertaken through a 4-week field survey covering 145 small restaurants in the Kathmandu valley and its adjoining districts and interviewing 358 respondents, close consultation with all existing national trade union federations, employers' associations/federations, and officials of the Labour Ministry/ HMG and local government bodies.
9. The small restaurant subsector has been categorized into six types: *momo/sekuwa* center, sweets/*chaat* house, small tea shops, fast food café, *bhojanalaya*/ restaurant and bar and cabin/dance/*gazal* restaurant. More than half of these restaurants in the MSE sector prefer to operate without formal registration. The upsurge in this business is relatively new – 85 percent being only five years old. The life span of business is very low and the turnover of ownership rapid and high. On an average, small restaurants engage two unpaid family members and six paid workers, mostly male. The normal size of customers varies from 25 to 50.

### **The Small Restaurant Subsector**

10. An alarming half of the labour force in the small restaurant subsector is found to be below 18 years of age with substantial proportion of child workers and minor workers mostly working as dishwashers. The proportion of female workers is very low, and they mainly work as waitresses or artists (dancers). The labour force is mostly illiterate or with low level of education and with minimal skill training; turnover is high; and more than two thirds are found to have been working in the present restaurants less than one year. More than half of the workers are migrants but there is no occupational differentiation based on migration pattern.
  11. The caste/ethnicity pattern show that almost half of the total workforce is of the Janjati social group with a maximum of them working as dishwashers which is the lowest paying job coupled with long working hours, and is, therefore, the most vulnerable lot. The second major caste/ethnic group is the Bahun/Chhetri mostly working as cooks, followed by Newar mostly as waiters and kitchen helpers.
  12. The general scenario in the subsector is that of very long working hours (77.6 percent average) and lower wages (Rs. 1175 average), both conditions flouting the mandatory
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provisions of the prevailing laws. Interestingly, employers try to rationalize this situation by accounting for the meals provided two to three times a day to workers as part compensation for low wages. Dishwashers in general have the longest working hours and the lowest wages. It is quite common for workers in restaurants to basically “live” (eat and sleep) in the workplace. Assured food and a place to sleep (which the owners term as “facilities”) are the prime attractions for many job seekers to enter this subsector, and an important reason for most to tolerate long working hours and low wages.

13. Partly due to the food and lodging (normally large expenditure areas) taken care of and the long working hours, more than three fourths of the workers manage to save more than half of their earnings despite the dismal wages. Workers have very little areas, and time, to spend their earning on. And here too, the dishwashers emerge in the forefront – as the biggest savers. However, their savings are retained by the owners/employers for “security” reasons.
  14. The working condition especially in the kitchens and service areas in the restaurants based on personal observation reveal an overall substandard condition in all categories except in some fast food café. Often, both the workers and customers in the restaurants are subjected to unhealthy and unhygienic conditions. Interestingly, there is virtual lack of awareness among the workers about the existence of trade unions and what they stand for. This highlights the lack of attention on the part of the trade unions in the MSE sector in general and in this subsector in particular.
  15. Workers in small restaurants are largely working in exploitative situations. Due to poverty, illiteracy or low education and informality of employment, they are neither fully aware nor inclined to indulge in organization. Most take their employment in restaurants as a temporary adjustment or stepping stone for some bigger opportunities. This situation prevails in the MSE sector in general where very few raise their voice collectively regarding their concerns largely due to insecurity, low education and lack of awareness.
  16. Among the major trade union federations, DECONT briefly addressed the small restaurant subsector through Nepal Tea Shops and Restaurant Workers’ Union, but for some reasons, it became defunct. Attempt has been made to revive this union again. Both GEFONT and NTUC has no separate organs to deal with this subsector, but NTUC looks after the concerns of small entrepreneurs and workers in small restaurants through the Nepal Shop Workers’ Association. GEFONT & NTUC are very active unions conducting various programs like advocacy, workers education, elimination of discriminations, social dialoguing, publications etc.
  17. The employers of a section of small restaurants have organized themselves under the aegis of the Restaurant and Bar Association of Nepal, which include only the registered tourist class restaurants. This does not in any way represent the vast majority of the restaurants in the MSE sector, but it could be seen as an appropriate role model to look after the rights and welfare of the workers in the sector.
  18. The civic society has a positive attitude towards this sector but little has been done to address the work-related concerns of workers in them, and virtually nothing regarding workers in small restaurant subsector. The major focus of a host of NGOs/INGOs and CBOs is in issues regarding gender and child labour. Although they do not have any direct programs for small restaurant workers, they may touch upon the large proportion of child workers and female workers in lieu of their scope of activities.
  19. The State has had very little role in the development of small restaurants, and the promotion of employment and social security etc. in them. The local government cannot monitor this subsector due to two reasons: first, most restaurants are not registered, and second, the local bodies lack institutional capability. The government has professed commitments to solve
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child labour problems in the country including in the small restaurants within 10 years. Although there are provisions designed to provide social protection to workers even in MSEs within the legal framework, the government has not monitored its implementation.

## **Recommendations**

20. Policy initiatives and future actions required to address specific issues are given through discussions on the initiatives for restaurants, which in general terms, apply to other MSE subsectors too. The policy initiatives and future actions are grouped by the different stakeholders namely the government, employers, trade unions and the civic society. In addition, a new stakeholder in some form of trade-specific institution has been discussed.
  21. It is suggested that the government initiate a set of policy and legal reforms that would consider registration and formalization of the MSEs, capacity building of local government bodies, establishment of statistical database of industry and workers in the sector, training and exposition of manpower, consumer health protection, and policy analysis for legal reforms.
  22. The MSE sector can develop only through quality and competitiveness. For this, the employers need to adopt good management practices, which have been found to be lacking. The employers need to undertake strong entrepreneurial training, be certified or licensed in respective trades before establishing business in those trades. At the same time, they should initiate the formation of trade associations for the development of their subsectors.
  23. The trade unions need to tackle the issues of MSEs at the policy and strategy levels. The unions should also focus on the MSE sector workers and not only orient themselves to the formal sector. They need to adopt pressure-lobbying strategies for strict implementation of legal provisions, and at the same time, conduct workers' education programs with focus on productivity and quality. The unions should also take up the strategy for membership drive and ensuring provisions of ID to workers and grievance and dispute settlement.
  24. NGOs, CBOs and local governments should play larger roles in the development of the MSE sector. Various agencies should support the sector through a number of activities like establishing appropriate institutes to develop potential manpower, conduct non-formal education for the illiterate workers including the women, and promote active consumerism which would go a long way in supporting as well as promoting the MSE sector.
  25. Besides the role of the general stakeholders discussed above, the MSE sector needs to be seen from another approach due to a complex dimension created by unclear employer-employee relationship in the informal sector. An alternative form of agency or organization involving all MSE employers, family and paid workers should be conceived for developing business through the collaboration of everyone involved for enhancing employment generation and ensuring social protection for them.
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# 1. INTRODUCTION

## 1.1 Background

Two important policies pronounced in the beginning of the 1990s have had far reaching bearing on the employment and labour situations in the country. The first one concerning economic liberalization saw the introduction of a host of reforms intended to push the country toward global economic integration. The second one granted permission to workers to organize. The latter has poised before business community, the trade unions and the civil society, the responsibility of striking a balance between economic developments of enterprises with the social justice to the workers in them. Policy reforms enforcing deregulation of foreign exchange and manpower, as well as decontrol in establishing (most) enterprises in turn promoted changes in the nature of employment and enterprises. This resulted in job outsourcing, non-formalization of enterprises, creation of small enterprises, and generation of large number of jobs. Thus informal sector grew with a large number of micro and small enterprises (MSEs).

The Nepal Labour Force Survey, 1999 reveals healthy employment indicators, which can be attributed to the implementation of the favorable policies during the decade.<sup>1</sup> Unemployment is at 1.8 percent only (178,000 persons), and out of the total 11.2 million economically active populations, 9.5 million are active. But on the darker side, 27 percent of the employed persons are underemployed, an indication that although unemployment rate is not so bad, the quality of employment is really poor. It means the economic activities are not supportive enough to uplift the economic condition of the population, a factor largely responsible for the widespread poverty in the country.<sup>2</sup> The large number of jobs in the informal sector and MSEs has not helped improve the situation of workers.

In the contemporary right-based approach for development, the "Right to Work" principle is not enough. "Right to Decent Work" must be the guiding principle. The international community including the ILO has largely recognized this. The promotion of MSEs in Nepal has without doubt created more jobs; but work condition, job security, social protection and social dialoguing in this sector have remained very poor, to the extent of non-existence. A proper balance between economic development and social justice has not been struck. The responsible social partners - the government, the employers as well as trade unions - have not succeeded in addressing the issues of wage earners or workers in this sector in the right tone.

## 1.2 Employment Creation and Social Protection of Workers

The supply-push and demand-pull scenarios are responsible for creation of employment in the micro and small enterprise subsector in the country. In the rural areas, the supply-push factor prevails due to scarcity of economic opportunities for the mass rural population. Only a small number of these largely agrarian population is engaged in activities such as horticulture, fishery, livestock, food processing, grain milling, transportation, traditional crafts, petty trades, tea shops, etc. mostly in the informal setting under micro and small enterprise regime. The situation is that of large underemployment, low productivity and low paying capacity of the MSEs; out of reach of trade unions; and lacking in economic and social justice.

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<sup>1</sup> Nepal Labour Force Survey (1999), is the first ever national level survey conducted by Central Bureau of Statistics/NPC/HMG

<sup>2</sup> According to the Interim Poverty Reduction Strategy Paper (I-PRSP), 2001 – an approach paper prepared by the National Planning Commission/HMG to develop the Tenth Five Year Plan – 42 percent of the population live below the poverty line.



The growth of MSE sector in the urban areas comprising of the manufacturing, construction, trade and hotels, transportation and communication is apparent from the fact that the proportion of people involved in these sector, which was 7.2 percent in 1991, has increased to 17.2 percent in 1999. Whereas, the rural based activities like agriculture, fishery, forestry, mining and quarrying and community and social services have decreased from 92.8 percent in 1991 to 82.8 percent in 1999.<sup>3</sup>

On the other hand, growing changes in the economy and the consumption pattern of the urban society have resulted in the emergence of large number of small enterprises providing all kinds of goods and services to these urban people, thus creating a demand-pull scenario. The situation is that of scarce labour, demand for relatively efficient and diversified labour, and many operating in the formal sector. The types of MSEs prevailing in such a scenario are small shops and trading units, small restaurants, auto works, metal works, professional services, food processing, transportation, handicraft production, etc. However, in the MSE sector most operating in the informal sector, the workers have been grossly neglected in terms of their social welfare.

Most MSEs operating in both supply-push and demand-pull scenarios are managed by owners, their families or close allies, and employ very few outsiders. The employment situation is very close and guided by the owners themselves. The working condition in this sector solely depends on the nature and attitude of the owners. Jobs are created, but most of them as self-employment and family employment. Employment regulations are scarcely applied and trade unions have hardly any access to organize the workers or intervene into the labour matters. The government has minimum role in looking into the affairs of workers in this sector.

### **1.3 Policy and Regulatory Measures**

There are two basic but important labour laws, the Labour Act, 1992 and the Trade Union Act, 1993 to look into the interests and rights of the workers in the spirit of the Labour Policy. However, these regulatory instruments focus mainly on workers in enterprises employing 10 or more persons only. Though amendments have been made in the acts to accommodate self-employed and workers in the informal sector, concerned social partners have not been made aware of this fact. This has raised chances of exploitation of workers in the MSEs. The lack of awareness regarding the provisions of the acts has made it difficult for trade unions to organize workers in this sector which has peculiarities such as informal and family relationship between owners and workers, dispersed and widely scattered nature of the enterprises, and many others.

In addition to these labour laws, His Majesty's Government has made policy commitments for providing social justice to the working population through economic development, harmonious industrial relation and social dialogue<sup>4</sup>.

### **1.4 Justification of the Study**

There is no doubt that trade unions have a major role to play in any effort aimed at enhancing workers' protection including those in the MSE sector. They act as vehicles for collaborative action conducive to boosting quality and productivity, thereby contributing to reduce volatility and vulnerability of the enterprises and to enhance know-how and skills among their workers. So far, union action in micro and small enterprises remains fairly limited.

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<sup>3</sup> Economic Survey, 2000/01, Ministry of Finance/HMG

<sup>4</sup> National Labour Policy, 1999/HMG

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Among the various deterrents to trade union involvement in these enterprises are: the lack of adequate policy and regulatory environments to promote trade union activity; the prevalence of informal relationships and family or community ties with the employers; and the difficulty in reaching out to these enterprises because of their geographical dispersion.

The prevailing national policies and laws in the country guarantee the right to earn one's living as one of the fundamental human rights. Merely creating jobs is not the end. Jobs must allow for self-development and raise the quality of life of workers. They must be able to work in an equal, just, safe and healthy environment. Workers should be able exercise their rights to organize, rights to protect against discrimination and exploitation, and to voice their concerns. Many work in conditions that make mockery of occupational safety and health standards. Neither the government nor the trade unions have adequately addressed the issues of social protection to these workers. The right to decent work is a far cry in this sector.

Trade unions are one of the major stakeholders in the process to stimulate job creation and are in the position to improve labour practices and working conditions in these enterprises. In this context, it is important to overview the status of the MSE sector, its stakeholders and the existing policy and regulatory environments in which they operate including their interrelationships, and the specific roles of trade unions in the sector.

## **2. STUDY METHODOLOGY**

### **2.1 Objective of the Study**

The objective of the study is to identify appropriate policies, strategies, intervention areas and roles of trade unions for organizing workers in MSEs, promoting employment and providing social protection to them.

### **2.2 Approach**

To analyze the situation of the workers and trade union's role in the MSE sector, a case study of one subsector, i.e., small restaurants, tea stall and eateries operating under this sector are taken as reference. This subsector has been selected for the study as it has inherent issues such as child labour, women worker and consumer health, and provides easy access for survey. The case study strives to portray the situation of the particular subsector and to reflect the general situation of the workers and trade unions in it.

The study has attempted to review the general situation of the MSE sector in Nepal and the role of trade unions in this sector. The overview is presented in sections 3 and 4.

In addition to this, the study has attempted to develop in-depth understanding of the small restaurant subsector including the status of the workers and the roles played by the trade unions and other stakeholders in promoting employment and social justice to the workers. The findings are presented sections 5 and 6.

Based on the overview of the sector and the case study of the small restaurant subsector, future course of actions and initiatives that need to be taken for employment promotion, social protection and organizing of workers have been developed. This has been done through consultation with the major trade unions of the country. These have been presented as suggestion in section 7.

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## 2.3 Methodology

A case study research of small restaurants in the Kathmandu Valley and the adjoining areas was conducted to develop an understanding of and portray the socio-economic and employment situation of workers of MSEs in general, and the restaurant subsector in particular.

The research was conducted in consultation with the major trade unions to facilitate the development of appropriate policies. Likewise, government bodies and relevant civil societies have been consulted to identify the situation as well as to prepare a framework for future action. The study has provided special focus on the gender issue and issues of children in the MSE sector.

Very little literature and data is available regarding the MSE sector in Nepal, and virtually nothing on the situation of employment or workers in the sector. However, the study draws on some national surveys and review of few available reports. The policy and legislations documents relevant to the labour and micro and small enterprises are reviewed. These are found to focus mainly on small and medium enterprises (SMEs) and very little on micro enterprise. The micro enterprises are basically not covered by rigid regulatory measures largely because they are very fragile, flexible and dynamic by nature.

Information was gathered through interviews with concerned stakeholders especially the three active trade union federations, the Restaurant and Bar Association of Nepal (REBAN) and the Federation of Nepalese Chambers of Commerce and Industry (FNCCI). The interviews provided the basis for developing an understanding of the problems and opportunities involved in promoting the employment and providing social protection to workers in MSEs. Likewise, officials of the Ministry of Labour/HMG, municipalities and VDCs, academicians, local projects in the sector supported by donor agencies, NGOs involved in the programs, etc. were also consulted in the process.

A field survey was conducted with the help of structured question schedules administered to representative samples to develop in-depth understanding of the status of small restaurants and workers in this subsector.

*After the survey, consultative meetings were held with the three trade unions with the dual purpose of rationalizing the findings of the survey, and gathering relevant inputs for developing policies and future action plans regarding promotion of employment and social protection in MSEs. The meetings facilitated the preparation of a composite framework for the trade unions to redefine their roles in improving the protection of workers in the sector.*

### **Survey Instruments**

Two types of survey schedules, one for employers and the other for workers, were developed for data collection through structured questions and observation, and subsequently modified taking into account the experience of a small pre-test. The schedules had to be used because most of the respondents are either illiterate or with very less education. The Survey Sheet-1 was administered to the employers/managers of restaurants to gather general information about the enterprise, employment in the enterprise, the industry and the work place environment [Refer to Annex - 1]. Survey Sheet-2 was administered to workers of various occupations in the restaurants like the cook, waiter, dish washer, etc. to gather general information regarding their age, sex, ethnicity etc., work and remuneration, facilities and incentives provided in the workplace, nutrition and health condition, living condition, savings

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and expense decision making, and their affiliation with some association. [Refer to Annex - 2]

### **Samples for Information Collection**

*The Kathmandu Valley is the economic hub of the country and has a large concentration of small restaurants. Hence, the Valley that comprises of the three districts and sister metropolitan cities - Kathmandu, the capital city, Lalitpur and Bhaktapur has been logically considered for the survey. The adjacent districts like Kavrepalanchowk, Nuwakot and Dhading in the east, north and southwest respectively are linked directly with the Valley by highways. The survey was conducted in three areas distinguished by the degree of settlement: urban, semi-urban and rural areas. Five male enumerators (all graduates) were sent to the field with adequate orientation regarding the objective of the survey and how the survey sheets were to be filled by them. Only male enumerators were utilized for the survey because it would be an odd sight and uncomfortable for females to interview respondent in the male dominated employment and customer scenario in most small scale restaurants. The survey was conducted in four weeks in July 2001.*

To facilitate coverage of urban, semi-urban and rural areas by the survey, the Kathmandu Valley and its periphery was divided into 17 areas, each area comprising of a cluster of neighbouring places around a notable place. The Kathmandu-Lalitpur-Bhaktapur urban center was divided into 13 areas to ensure representation of different characteristics within the urban centers, viz - residential area, core city area, commercial area, tourist service area, government office area and outskirts area. One area in Banepa and Dhulikhel each was selected to represent the semi-urban centers, while Kakani on the Balaju-Trishuli Highway and Malekhu on the Prithvi Highway were selected to represent the rural centers. [Refer Annex - 3]

The samples were drawn to represent six categories of restaurants distributed in the urban, semi-urban and rural areas. The categorization is based on characteristics such as food-specific popular names (*momo/sekuwa* center, sweets/*chaat* house, tea stalls), modern fast food concept, restaurants with/without bar catering snacks/lunch/dinner, and restaurants with additional incentives like live music and dance and personalized cabin services. The survey was based on purposive sample selection.

Altogether 145 restaurants [Refer Table 2-1] have been used for analysis out of 168 random samples initially selected. 23 samples had to be abandoned because some of them employed more than 20 workers making them invalid samples, or the employers did not allowed his workers to talk to the enumerator.

85 percent of the samples were taken from urban center with maximum number of samples (32 each) from *momo/sekuwa* center and *bhojanalaya*/restaurant and bar categories. The Cabin/ Dance/*Gazal* restaurant category comprised of the smallest size, that too only in the urban centers.

The respondents of the survey, besides the employers/managers, are the restaurant workers, and the latter have been differentiated into six categories based on their occupation or nature of work, viz, cook, kitchen helper (unskilled and not in contact with the customers), waiter, dish washer, artist (singer, musician or dancer in dance/*gazal* restaurants) and restaurant guard (in fast food cafe, restaurant and bar and cabin/dance/*gazal* restaurants). Altogether 358 workers [Refer Table 2-2] were selected for the survey with the waiters and dishwashers comprising the largest size and performing artists the smallest. During random selection of the restaurants in individual cluster areas in the survey, only two female artists and six guards were available for interview as these two categories of workers are not very prevalent in small restaurants. In this survey, artists are those who perform lewd dances to entertain male

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customers in the CDG restaurants only. They are invariably females. Guards are employed in relatively larger size restaurants only. This small sample of artists and guards can be considered representative of the workers distribution in this sector. However, the analysis of the information regarding these two occupations cannot be statistically inferred, and should therefore be taken as indicative only.

### **Procedure**

*In the course of information collection, each surveyor visited one cluster area and randomly selected a specific category of restaurant. At first, the Survey Sheet – 1 was used to collect information from the employer/manager. The enumerator filled up the survey sheet by asking the set of questions to the respondent in sequence as provided in the sheet. Then, with his/her permission, the Survey Sheet – 2 was used to collect information from the workers in the premises of the restaurants. For this purpose, one respondent was selected from each category of workers' occupation.*

*The timing for entering a specific category of restaurant was very important to obtain optimum response from the respondents. They were approached when they were least likely to be busy. Between 2 to 3 restaurants of each category were surveyed in each cluster area to ensure justifiable coverage.*

*Information regarding working condition in the restaurant and health condition of the workers was gathered through personal observation of the surveyors based on certain general indicators. Time limitation did not permit detailed investigation and inclusion of more indicators regarding occupational health and safety (OHS) in these restaurants.*

## **2.4. Scope and Limitation**

The study considers the working definition of small enterprises based on ILO 's In Focus Programme: Boosting Employment through Small Enterprise Development (IFP/SEED)'s practical operational experience. This definition considers MSEs as those employing between 2 to 20 workers, operating under the formal as well as the informal sector.<sup>5</sup>

The situation of the workers and the role of trade unions in MSEs in the country have been assessed on a case study approach. The case of one subsector, i.e., small restaurants operating under MSE sector as mentioned in the sample design has been taken for reference. The study covers small restaurants to represent urban, semi-urban centers and rural areas of the Kathmandu Valley and its adjoining districts like Nuwakot, Dhading and Kavrepalanchowk.

## **3. MICRO AND SMALL ENTERPRISES IN NEPAL**

### **3.1 Overview**

MSEs are the dynamic force of the economy. They are very heterogeneous, comprise significantly large proportion of the total industrial output, employment and investment, are scattered throughout different geographical regions, consume more local resources (manpower, raw materials and technical skills), and utilize simple technology that is easy to adopt, acquire and change. MSEs lack technical know how about new innovation, productivity and quality. They are normally family businesses or self-employed persons operating in the semi-formal and informal sectors. They contribute around 40 to 60 percent of the value added to the national economy of low-income countries. They can generate

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<sup>5</sup> According to IFP/SEED, "micro-enterprises" refer to enterprises employing 2 to 5 workers, while "small enterprises" refer to those employing 6 to 20 workers.

additional income and employment opportunities at the local level and boost the whole economy through multiplier effects and even play a crucial role in bringing regional balance. MSEs constitute over 98 percent of all registered enterprises in low-income countries<sup>6</sup> like Nepal. There is no clear-cut definition of MSEs in Nepal or any explicit policy in place. General policies are biased toward large enterprises due their influence, accessibility, and ability to advocate their cases.

The basically agrarian economy of Nepal, which employs almost 80 percent of the labour force of the country, is manifest with traditional farm practices, poor support, and ineffective agriculture policies all leading to low productivity. This has resulted in economy shift toward the non-agriculture sector comprising of manufacturing, trade, tourism, construction, transportation and communication, etc. Once contributing to 90 percent of the GDP in the early 1950s, the share of the agriculture sector to the GDP has been drastically decreasing, presently 37 percent as shown in the Table 3-1. On the other hand, the share of the non-agriculture sector is gradually increasing and its GDP has overtaken that of the agricultural GDP. This shift in the economy is very much interrelated with the shift of a large population to the non-agriculture sector, which, in Nepal, comprises mostly of the micro and small enterprises.

The figures of the last five years show that about ten thousand cottage and small industries are registered per year with a growing capital investment reaching more than Rs. 10 billion in the year 1999/2000. [Refer Table 3-2] The figures shown in the table only represent those formally registered, and there are an equal number or even more that are operating informally without registration. Due to inadequate legal and regulatory mechanism and weak implementation, it is very difficult to arrive at an accurate estimate of the enterprises operating in the micro and small-scale level. The declining trend in the employment may indicate tendency of showing less employment while registering the enterprises than actually employed. Owners have the wrong notion that enterprises employing less than 10 workers can avoid provisions of labour laws regarding formation of trade unions and a number of mandatory facilities to workers.

Looking at the information on the employment status in the country, the participation rate in the urban area is 72 percent compared to 54 percent in the rural areas<sup>7</sup>. The high participation rate in the urban areas could be attributed largely to the development of MSEs in them.

Although employment in the rural areas dominates that of the urban areas, the proportional difference in the active population in rural-centered economic sector (agriculture, fishery and forestry, etc.) and the urban-centered economy (manufacturing, utilities, etc.) has narrowed down significantly within a decade in the 1990s. While the active population in the rural-centered economic sector declined from 91 percent in 1991 to 83 percent in 1999, that of the urban-based sector increased from 7 percent to almost 18 percent in the corresponding period. [Refer Table 3-3]

During the period, there has been increase in employment in the major sectors that include large number of micro and small enterprises such as the manufacturing (from 2.0% to 5.8%), trade and restaurants (from 3.5% to 5.5%) and transport etc. (from 0.7% to 1.4%). Thus one can safely conclude that the MSE sector is highly urban-centered and has large employment, much more than what is quantified in various statistics.

There is no unilateral definition of MSEs. In many countries, they are defined by the amount of fixed capital employed and the number of workers employed in the enterprises<sup>8</sup>. In Nepal, the following definitions can be considered to relate with that of MSEs.

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<sup>6</sup> Countries with GNP per capita of US\$ 410 or less in 1999 (World Development Report 2000/2001)

<sup>7</sup> Nepal Living Standards Survey Report 1996, Vol. II, CBS

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- The Survey of Small Manufacturing Establishments 1999/200, CBS/NPC has defined small establishments in their survey "*as all manufacturing activities operated by establishments or households that engage less than 10 persons but having at least one hired labour (irrespective of auto machines used)*"
  - The Industrial Enterprises Act, 1992 (first amendment 1997), the main regulatory instrument, categorizes industrial enterprises by fixed capital used.
    - Cottage - labour intensive, traditional, cultural and local resource based
    - Small - up to Rs. 30 million
    - Medium - Rs. 30 to 100 million
    - Large - more than Rs. 100 million
3. The Department of Cottage and Small Industries (DCSI) under the Ministry of Industry/HMG focuses on the promotion of cottage and small industries (CSI) in mitigating the problems of rising unemployment and rural poverty. The scope of DCSI is local resource based labour intensive cottage industries and small industries up to Rs. 30 million investment as laid by the Industrial Enterprise Act, 1992.<sup>9</sup>

In general, therefore, it can be stated that the MSE subsectors comprise of maximum share of all economic activities at the enterprise level in the country - a country with only a handful of medium and large-scale industries.

Going by the definitional context of the study, i.e., enterprises employing between 2 to 20 persons, the MSE subsector in Nepal can be seen in three categories: traditional crafts, service sector and small manufacturing units. The traditional crafts consist of woodcarving, jewelry, handmade paper and paper products, idols and statues, micro carpet manufacturing, textile weaving. The service sectors consist of tailoring, restaurants, barbers, transportation, printing press, auto repairs, small machine workshops, and the small manufacturing units consist of bakery, stationery, grain/oil milling, and dairy.

### **3.2 Major Concerns of the Workers**

The growth of MSEs has resulted in large-scale migration of rural poor landless agriculture workers to the urban areas looking for better economic opportunities. The exposure to urban life and the harsh realities of the cost of living there lead them to grab the most accessible means of earning in terms of their ability, which is generally in the informal sector. Many end up doing labour work in various construction projects, portering in the bus parks or commercial areas, vending, and others in domestic households, small restaurants, labour intensive manufacturing establishments, small factories, etc. For many, the MSEs provide the ideal opportunity to get away from the hardships of the rural life and experience the 'charms' of urban life and life styles. And though the life is difficult in the urban cities, they remain hooked to this new life. Due to psychosocial factors, they prefer to bear the hardships of the city rather than return to the drudgery of the villages.

Since the supply of labour is aplenty in the rural areas and there is competition for quality work, the migrants take up any work that comes by. As the first platform for settling down in

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<sup>8</sup> Micro enterprises are those employing less than 5 persons (in countries like Republic of Korea, Malaysia and Indonesia) and less than 10 persons (in countries like Bangladesh, India, Sri Lanka, Philippines and Singapore) including self-employed and other family members. Small enterprises are those employing up to 99 persons.

<sup>9</sup> The ambiguity in the definition of the CSI sector affects both its classification and future policy planning. For example, existing hand knotted woolen carpet manufacturing enterprises, wood carving enterprises, etc. may be classified under cottage industry and can enjoy the special incentives accorded to this sector by the Act. Whereas there are many such cottage industries with huge investments and which should actually be classified as large scale on investment basis.

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the urban centers, they need to fulfill their primary concern, i.e., assured fooding and lodging arrangement. MSEs offer that opportunity. They end up in exploitative low wage long hour jobs due their ignorance, desperation and helplessness. Due to the small size of MSEs, the small number of workers in them, have very little free time, they hardly get the opportunity to organize and voice their concerns. They also fear losing their jobs and the charm of living in the urban centers. They are content with the basic fooding and lodging concerns being fulfilled and, of course, the little savings they occasionally manage to send to their families back home.

### **3.3 Regulatory Measures for Workers in MSEs**

The Labour Policy 1999 of His Majesty's Government of Nepal has the stated mission<sup>10</sup> of

- ensuring dignity of labour by enhancing reputation, values, assumption, competitiveness and absorbent of the workers
- improving national income through enhanced production and productivity, and
- supporting the poverty alleviation objective of the country.

The Labour Policy has encompassed both the formal and the informal sectors and addressed issues regarding employment promotion, labour rights and welfare, development of work culture, social security, elimination of exploitation, child labour and gender equality.

There are some legal provisions designed to provide social protection to workers in MSEs. For enterprises employing 10 or more workers in the organized sector, the Labour Act, 1992 has provisions regarding employment and job security, working period, wages, health and safety, welfare, code of conduct, bipartite and tripartite mechanisms, dispute settlements, etc.

Besides, there is a special provision for enterprises (industry and transport) employing less than 10 workers enacted through a circular from the government<sup>11</sup>. The provisions include compulsory appointment letter, working period (8 hours per day or 48 hours per week), overtime for extra working hours, minimum wages (as prescribed by the government), leaves (13 public holidays per year and sick leave of 15 days per year with half salary), and health and safety measures including medical expenses in cases of accidents at work.

The Trade Union Act, 1993 provides for the freedom of association of workers at the enterprise level and the national level. Workers in an enterprise employing more than 10 workers can form a trade union at the enterprise level itself. The authorized trade union in the enterprise performs the task of collective bargaining when the situation arises.

Likewise, the law also provides for workers in enterprises employing less than 10 or for those working in the informal sector to form a trade union. The provision states that 500 workers of the same profession from different enterprises or self-employed can form a national level trade union.

These two laws are, therefore, the basis for covering the workers in MSE sector regarding their social protection and organization. Some commendable efforts have been carried out by trade unions in carpet, garment, construction and agriculture in the MSE sector. However, it has been found that the practical implementation of these laws has not been effectively made to benefit a larger number of workers in this sector.

The task of looking into the affairs of workers is that of the Ministry of Labour and Transport Management and its specialized agencies. While the Ministry deals with policy matters, the Department of Labour handles the tactical issues. A number of offices under the Department

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<sup>10</sup> *National Labour Policy 1999: Programme for Implementation*; prepared by Democracy Development and Law, 2001

<sup>11</sup> *Nepal Gazette*, dated 17 Chaitra 2049 B.S. (1993)



located in various cities with significant number of industries look after the operational issues like monitoring and regularizing the provisions of the labour laws especially regarding welfare and rights of the workers in those areas. However, these labour offices are empowered to look after the affairs of workers in the registered enterprises employing 10 or more workers only, that too in those enterprises located within certain areas.

### **3.4 Status of the Stakeholders**

#### **Government**

The Department of Cottage and Small Industry under the Ministry of Industry/HMG is the designated authority that is concerned with the development and promotion of the MSE sector in the country. Its main activity is to register all micro and small-scale industries and provide the certificate of registration to assist the revenue department of the government in monitoring the enterprises.

The other objective of the department is to provide skill training for self employment and employment. Together with Cottage and Small Industry Development Board, also under the Ministry, the skill-training program is conducted in all 75 districts of the country. The training conducted is mainly in the areas of sewing, knitting, carpentry, etc. These training programs have contributed very little to promote employment in the country mainly because of the mismatch between training provided and the demands of employment market. This department is mainly focused on the manufacturing sector and has not been able to serve the MSEs in the tertiary sector.

There are other government agencies like the Ministry of Tourism, Ministry of Commerce and the Ministry of Local Development, etc. which are also related to the promotion of the sector as embodied in the national development plans (5-year plans). However, they lack concerted efforts and coordinated programs in this area.

Besides, the government has been promoting MSEs as the vehicle to achieve its objective of poverty alleviation in the country through programs like micro financing, market linkages and training.

#### **Employers**

The MSE sector largely comprises of self-developed entrepreneurs many working within the family environment, i.e., the business is basically family-based. For many, an economic activity may start as a side activity capable of generating self-employment for one or two members of the family. As the activities expand, this venture develops into the form of micro-enterprise in informal sector with or without paid workers. With further growth of business, this micro-status may change to small scale enterprise again with or without paid workers. Likewise, the owners themselves may or may not be involved in the enterprise.

Due to the small nature of the enterprises, and in many cases, with the involvement of family members, the setting is very informal resulting in family-like behaviour of the employers in work and with workers. They personally work hard and naturally expect others also to work hard irrespective of the time and work conditions. They lack professionalism in managing the business and the people. They conduct many transactions informally and simply without much paperwork. In fact, they try to avoid bureaucracy, refrain from formal relationships concerning written documents. This is one of the reasons for majority of MSEs not being formally registered. They cater to humane and socio-cultural needs of the workers who work for them with diligence and sincerity. The employers of MSEs are generally resource constrained, and therefore, improvement of the working condition and living condition of workers is not a prime concern for them.

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## **Workers**

Workers in the MSE sector generally come from poor economic background from rural or semi-urban areas of the country. They comprise of all age groups in the economically active population. A large proportion of them are child workers or minor workers, mostly deserted or runaways. The workers are mostly illiterate or semi-literate and unskilled, and are, therefore engaged in manual and menial work. Those skilled have better chances of employability in enterprises in the organized sector. These people work hard for longer hours, many in unhealthy working conditions, to retain their jobs and satisfy their aspirations that are not possible back home. Very few raise their voice about the work conditions and employment conditions. Many do not have the time or the inclination to organize for raising issues and concerns collectively. Coming from poor economic background, most aspire for the opportunity to become self-employed or even to start their own business, while the majority does not see anything beyond the present.

## **Civic society**

The MSEs are seen as the vehicles that contribute to employment and wealth creation for those whose economies cannot afford to engage in larger enterprises; MSEs are also seen as contributing to accessibility of products and services to a larger market, and availability of cheaper products and services to the lower economy consumers. The civic society therefore has a positive attitude towards this sector. They see large scope for investment in this sector and subscribe to the appropriateness of ‘small is beautiful’ for the larger population of an economically constrained country like Nepal.

Many local and international NGOs are deep into various programs aimed at micro and small enterprise development across the country – in the rural, semi-urban and also urban areas, in the Himalayas, the hills and the Terai encompassing all castes/ethnicity and targeting the women especially for their social upliftment, and through them, the economic upliftment of their households. Intervention programs in agriculture, livestock, industry and commerce subsectors have integrated activities such as awareness building, training and education, skill development, product development and research, production support, market promotions and linkages, credit, etc. Related bodies of academicians, intellectuals, and activists are by and large supportive of this endeavor. Consumers and their forum are yet to evolve a stronger role in Nepal, but they are seen to voice their concerns now and then about issues such as price rise, product quality, and even ethical or moral issues as shown by the protests against production and sale of alcohol and services in cabin and dance restaurants. However, little has been done by the civic society to organize the MSE sector to address the work-related concerns of the workers in them.

## **4. TRADE UNIONS AND THEIR ROLES**

### **4.1 Overview**

The history of trade union movement in Nepal goes back to 1947 during the first movement for democracy. The emergence of the first trade union federation, the All Nepal Trade Union Congress, in Biratnagar was short-lived, since the federation could not exist after 1960 when union activities along with political parties were banned under the Panchayat regime. The government-sponsored Nepal Labour Organization largely functioned as the de facto trade union for almost 30 years.

At present, there are three prominent national trade union federations: the Nepal Trade Union Congress (NTUC), General Federation of Nepalese Trade Unions (GEFONT) and

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Democratic Confederation of Nepalese Trade Unions (DECONT). They work to protect the rights and welfare of employees and workers under their wings; advocate for favorable policy and legislative formulation; educate workers in collective bargaining and negotiating; uplift working conditions; assist in bipartite and tripartite activities; smoothen industrial relations and so on. However, their activities are mainly focused on the legally registered formal enterprises and their reach to the micro and small enterprises are limited. The task of trade unions is arduous as the Labour Act, 1992, the main regulatory instrument to protect the rights and welfare of workers, is applicable mainly to enterprises having 10 or more workers, and less to the micro and even some small enterprises.

There are millions of workers in Nepal, but they are deprived of their rights and social protection. The three major trade unions in Nepal have already initiated their drive for membership of workers at the organization level. While the unions have encompassed majority of the workers in the formal sector, the same cannot be said regarding the MSE sector. The lack of qualitative situational analysis of workers in MSEs have impeded the efforts of trade unions to understand the status of workers and develop appropriate strategies to protect them both on the social and economic fronts.

## **4.2 Activities Directed Toward Micro and Small Enterprises**

Going by the definition of MSEs in terms of employment (between 2 and 20) as adopted by this study, one section of MSEs comprising of 10 or more workers fall, in essence, under the purview of the labour laws for trade union activities. This is, however, not to imply that the workers in the other section are bereft of the scope for organizing and getting social protection. The law has provisions for union formation if and when a minimum of 500 workers collectively seeks the union status.

The unions have made some commendable strides in the carpet and garment industries, and also in the agriculture sector, which operate in the informal sector. Trade unions have also attempted to reach out to the MSEs by ensuring freedom of associations to the workers specially in the transport and the construction, barbers, rickshaw pullers, etc. especially after the enactment of the Trade Union Act, 1993. They have raised issues on wages and insurance to transport and construction workers, dignity of labour of barbers and street cleaners. Trade unions are also very much involved in providing non-formal education to the street children as well as children from the poor families. The main strategy adopted by the unions in reaching out is by bringing the workers in various trades including those in MSEs under the national federations. Unions have also established separate women wings to target activities at women workers.

A significant success of union activities in MSE sector is seen in fixation of working hours and wages, dispensation of insurance and other benefits like tiffin allowance, overtime payment, etc. to the transport and construction workers. Similarly, a number of trade specific unions of the workers in the MSEs have also been established at the national level. Nevertheless, no other concrete results have been forthcoming and the unions have still a long way to go to effectively intervene in this sector. A number of constraints hamper interventions in the sector, which are discussed later in the chapter. So far, national federations are more concerned for quantitative rather than qualitative build up of their organizations as a show of strengths.

Basically, all trade unions in the country are affiliated with one or the other three major federations: Nepal Trade Union Congress (NTUC), General Federation of Nepalese Trade Unions (GEFONT) and Democratic Confederation of Nepalese Trade Unions (DECONT).

### **Nepal Trade Union Congress (NTUC)**

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This federation has a long history with its activities starting since the first democracy movement in the country in 1947. After a series of debacles, it emerged legally under the Trade Union Act, 1993 with a new constitution that subscribes to socialism, nationalism and democracy as its guiding principles. There are 21 national labour unions under its umbrella covering trade specific workers such as teachers, health workers, transport workers, barbers, rickshaw pullers and carpenters, and industry specific workers in hotel and tourism, garment, carpet, leather and other factories, and press, public sector corporations, tea estate, financial institutions, construction and retail shops. Among these, many fall under the MSE sector.

This union has been engaged in a number of cases in the carpet and garment industries. It has also been involved in child labour issues in micro and small enterprises. Besides general programs like workers' education, policy advocacy, and collective bargaining, the union is also involved in other activities targeted at both the union members as well as workers in general. The major programs being conducted by the union are as follows<sup>12</sup>.

- Savings and credit union cooperatives: At present, around 50 cooperatives are in operation and the number is increasing rapidly. One successful example is that of Nepal Taxi Drivers Union operating 10 taxis by the members.
- Child labour elimination: NTUC has taken up child labour elimination as one of the major campaigns for social development and has been carrying out a number of programs in this regard through its Child Labour Elimination Committee. It conducts informal education programs for children of workers and child workers themselves working in carpet, garment and other industries through schools established in 20 districts in the country. So far 4040 children have already participated in the program. Besides, it has launched awareness campaign against child labour through posters, pamphlets, interactions between union members and guardians of child workers, and accords priority to child labour issues during collective bargaining. NTUC has been working closely with the ILO-IPEC, the Japan International Labour Foundation (JILAN) and International Congress of Free Trade Unions Asia Pacific Regional Organization (ICFTU-APRO) in this regard.
- Women empowerment: The union has established women sub-committees at all levels to focus on gender issues and to ensure equality, non-discrimination, non-exploitation at work place, and participation of women workers in social development. The sub-committees conduct informal education and awareness programs regarding trade unionism, provisions of labour laws, on leadership and skill development, and sensitize on other gender issues, etc. Skill development programs are being carried out for women in Bhaktapur in sewing and cutting.
- Advocacy: The union has carried out several advocacy programs for policy reforms. Among its successes is the interaction with parliamentarians for the ratification of ILO Convention 182. Besides, work is also being carried out regarding social security and rehabilitation of bonded labour.
- Workers' education: in association with CBAs: and HMG labour administration – programs on leadership development and organization to include informal sector including agriculture.
- Non formal education programs: Non formal education programs as adult education, child and women literacy is being carried out in 130 districts in association with HMG Ministry of Education.

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<sup>12</sup> Through interviews with officials and publications of NTUC central office in Kathmandu

- Awareness building programs: The union has been actively pursuing programs like awareness building at enterprise level regarding OSH, policy and legal instruments, leadership development etc.
- Publication: The union is publishing the monthly trade union bulletin and various other publications on topical issues

### **General Federation of Nepalese Trade Unions (GEFONT)**

This federation also has a long history with its activities starting since the first democracy movement in the country. After the enactment of the Trade Union Act, 1993, GEFONT registered itself with a new constitution. It adheres to four basic principles: independence, mass-bases, militancy and socialism. It has 15 national labour unions under its umbrella covering trade specific workers such as auto-mechanics, garbage cleaners, rickshaw pullers and transport workers, and industry specific workers in hotel, trekking, travel and rafting, printing press, garment, carpet and other factories, and construction, food and beverage, chemical and iron, agriculture and tea estate. It also has a separate department for women workers. Among these, many fall under the MSE sector.

This organization is deeply involved in a number of issues. It has done commendable jobs in the carpet and garment industries and the agriculture sector notably for the bonded labour. The union is also involved in workers' education, policy advocacy, and collective bargaining. The major programs being conducted by the union are as follows<sup>13</sup>.

- Trade union education and literacy program (TRUE Campaign)
- Emergency Fund Scheme designed for the assistance and welfare of workers on strikes, in injuries or with other genuine problems
- Appointment of legal officer in its central office in order to provide free services to the needy workers to fight their cases in the court
- Implementation of OSH education and training
- On-going campaign of progressive elimination of child labour through preventive, functional and rehabilitative strategies
- Policy interventions in the formulation of National Labour Policy
- Campaign aimed at liberating *Kamaiyas* – the bonded agricultural labourers and the most exploited section of Nepalese workers
- Reorganizing some large affiliate federations to address the diversities in the nature of industries and occupations
- Establishment of a separate department to highlight issues of women workers and measures to be taken to resolve the problems
- Human resource development program for developing 100 all-rounder trade unionists
- Due emphasis given to workers' cooperatives – has already launched a health cooperative
- As a symbol of dignity and unity of the working class of Nepal, GEFONT has its own building named Man Mohan Labour Building

Similarly, GEFONT has identified the following activities to be carried out in the future.

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<sup>13</sup> *General Federation of Nepalese Trade Unions*, a brochure of GEFONT; *Glorious Ten Years of Our Struggle*, GEFONT publication (2000)

- Continuity of its educational campaign – TRUE campaign
- Organizational expansion and mobilization – enter the rural sector and increase membership by 100%
- Take initiative to develop a unified trade union movement by leading all wage earners in the formal and informal sectors covering agriculture, manufacturing and service sectors under one umbrella
- Involvement in the basic and contemporary issues of social concerns
- Planned movement in grass root levels – in issues such as privatization, contract labour, subcontracting, job security, wage increases and other pertinent economic demands
- Social security campaign – demands for a comprehensive social security network including unemployment allowances
- Pressure campaign for effective implementation of pro-worker provisions in existing labour laws
- Program for human resource development to meet the increasing demands for skilled human resource created due to expansion of GEFONT movement
- Workers' cooperative campaign to be launched in order to adopt socialism practically in the movement
- Program for financial independence through income generation scheme and resource mobilization based on membership fees
- Campaign for women workers to ensure their increased participation in unions, emphasis on the union movement with 'gender sensitive union cadres' and continuation of the campaign in favour of woman workers and against all kinds of discrimination, suppression and harassment
- Action research on various areas and active involvement in policy intervention
- Joining hands with political parties close to its ideals for social transformation to achieve its vision and mission
- Aim to have a policy to restrict labour import (foreign employment) in the country and rather promote surplus labour export since Nepal has surplus labour
- Program to support migrant Nepalese workers through solidarity and friendly relations with concerned trade union movements in various countries, sensitization of various overseas missions including labour attaches for the protection of rights and interests of those migrant workers
- Extension and development of international relations with emphasis on active involvement in international networking in general and South Asian level in particular
- Publication reflecting collectivism and based on target groups

### **Democratic Confederation of Nepalese Trade Unions (DECONT)**

This is a new trade union confederation established only in 1997. Its constitution subscribes to the principles of independence, democracy and non-political alliance. There are 16 national labour unions under its umbrella covering employees and workers from different sectors. These cover trade specific workers such as barbers, health workers, custom and airport workers, transport workers and rickshaw pullers, and industry specific workers in

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hotels, garment, carpet and other factories, and construction, agriculture, film, press, trade, printing press, and restaurants. Many of these fall under the MSE sector.

Although a new entrant in the area, this union is quite active in carrying out several programs for workers' education, policy advocacy, and collective bargaining.

### **4.3 Problems and Threats**

Since MSEs are virtually spread all over the country, it makes the task of trade unions difficult to reach the millions of scattered workers in this sector. Legal obstacles in organizing in enterprises having less than 10 people compound this difficulty.

Workers in MSEs are generally from weaker section of the society who are in need of some intervention but are scared to voice their concerns for loss of their jobs. The MSEs involve family members and owners in management, and workers are provided with bare necessities only. Thus, it is difficult for the trade unions to convince workers as well as the employers that such basic 'facilities' are not enough.

The union members are generally trained in the context of formal organizations and there is still a lot of problems in this sector that they have not yet been able to address. In such a context, reaching out to MSEs is not a priority for them. The capability of the unions to address the issues of the MSEs is yet to be tested.

The absence of appropriate interventions to address the problems of workers in the MSE sector brings about a situation of low paying employment, unfair and immoral practices by workers to upset the deficit in income needed to support oneself and dependents. Besides, the lack of opportunity for social dialoguing for welfare and rights of the workers may give rise to large-scale dissatisfaction, frustration and conflicts among workers. All these may backlash at the trade unions.

## **5. SITUATION OF WORKERS IN SMALL RESTAURANTS**

### **5.1 Industry Description**

The restaurants have been categorized into six types based on characteristics such as food-specific popular names (*momo/sekuwa* center, sweets/*chaat* house, tea shops), modern fast food concept, restaurants with/without bar catering snacks/lunch/dinner, and restaurants with additional incentives like live music and dance and personalized cabin services.

#### **Momo/ Sekuwa center**

*Momo* (dumplings with meat/vegetable) and *sekuwa* (barbecue) have emerged as popular snack foods for many Nepalese of all income groups in the rapidly expanding urban and semi-urban areas. These snacks are available in large organized hotels as well as in small *momo/sekuwa* centers generally located in the sub-roads and lanes of the cities in the valley. These are frequented by low and middle-income groups. *Momo* has been a traditional food item in the cuisine of the Newar and Tibetan communities (the latter call it *kothay*), but today, many people of other communities are into the business of serving *momo* as one of the most popular fast foods in the urban areas.

A typical small eating place is generally family-owned, managed by the male member and operated by a number of other family members, both male and female, possibly including school going children; and their job differentiation is not clear. There could be a paid worker or two, normally for dishwashing and ferrying water. Barring a few with separate places, the

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preparation of *momo* is done in the eating place itself whereby the place is mingled with vapour, smoke and strong stench of burning meat presenting a suffocating environment for newcomers. The crockery would consist of plates, bowls, glasses and spoons made of steel, and mostly in unhygienic condition. The tables are generally stained, the floors carelessly clean swept, and ceilings blackened by smoke.

### **Sweets/Chaat house**

Sweets or *mithai* (*rasviri, lalmohan, laddu, peyda*, etc.) are popular milk, sugar and flour-based snack items, while an assorted *chaat* group of snacks comprise of a combination of salted-spicy-sweet taste of mostly flour-based items (*chaat, samosa, pakaudi, kachauri*). While the *chaat* items like *samosa, pakaudi* and *kachauri* are served fresh and are cooked in a corner or the front of the restaurant, the sweets are generally prepared in different locations (possibly in some production centers elsewhere). Tea or cold drinks generally accompany these snack items. Such a restaurant serves only vegetarian food items, and is thus popular among the *Madheshiya* community, and others that seek the special taste offered by this category of restaurant.

Unlike other categories of restaurants, which are all owned by Nepalese people, the majority of sweets and *chaat* houses are run by the Indian-origin or *Madheshiya* community. This category of restaurant involves very few family members, but more paid workers. The roles of the cook, the waiter (also referred to as 'boy'), dishwasher and the counter man are differentiated. Eating places are moderately clean and more hygienic, but the kitchen is quite filthy. An uninitiated employee's working life in such a restaurant starts with dishwashing, progressing as server, learning while assisting the cook, and end up being the cook who is also referred to as a *mistri*. Child workers working as dishwashers or servers are common in the smaller restaurants.

### **Fast food cafe**

The fast food cafes are modern concepts in Nepalese urban society portraying an image of the western world ala McDonald's and KFCs serving sandwich, French fries, hot dogs, burgers, ice cream, and tea and coffee. The media explosion and, to some extent, an upsurge in the tourism sector have been largely responsible for the popularity of such restaurants that cater to the modern teenagers and trendy urban population. Some fast food joints also serve popular Chinese items like *momo*, noodles, fried chicken and fried rice. These cafes maintain elegant interior and furniture, ceramic crockery, hygienic environment in the kitchen as well as the eating-place, disciplined and uniformed workers; managers manage them; customers select from menus, and food is normally billed. These cafes are located in busy commercial centers of the city. Customers are generally the middle and upper class young people and teenagers, students, office goers, families and tourists.

### **Small tea stall**

Tea is a favourite drink of Nepalese across all classes and age. A large number of small tea stalls are found in virtually every nook and corner of the Kathmandu Valley. Such tea stalls range from open stalls near bus parks and cinema halls; those catering traditional *swari-jeri-shel-malpuwa* in the old city centers; and the modern stalls with espresso machine, high stools lined along the wall serving croissant, cookies, muffins, doughnuts and cakes and located near important office areas, colleges and industrial areas. The customers are students, office goers and industrial workers. These stalls are family-operated or one-man operated and may have one or two paid workers. The working environment is generally not very congenial or clean.

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### **Bhojanalaya/Restaurant and Bar**

*Bhojanalaya* means a place to have lunch or dinner, a typical Nepali *daal-bhaat-tarkari* full meal. The smaller such eating-places are generally family-owned and maintain a few paid workers, normally as dishwashers or servers. In family-owned *bhojanalaya*, the woman may be manning the counter while the husband tends to the cooking. While the early *bhojanalaya* provided only set Nepali lunch/dinner, the new ones provide breakfast and snacks as well. They also have monthly payment schemes for customers who need to have their daily meals at such eating-places. Customers are generally the migrant students, employed people and workers and Nepali and Indian travellers. The environment in these eating-places is not very clean, and the kitchen even worse.

On the other hand, the restaurants with bar are relatively cleaner, more organized, and normally start business from lunch onwards. By and large, such restaurants are legally registered, the ownership is on partnership, and the place managed by a male manager. The kitchen is well organized, separate and closed; food items are prepared ala carta and a wide variety of alcoholic drinks are available; and the food served is billed. Waiters may be in uniform, and tips are common. The rush business of the restaurant and bar category is during evenings and weekends. Teenagers, employed persons, business people and tourists make up the bulk of the customers.

### **Cabin/Dance/Gazal restaurant**

The cabin/dance/*gazal* (CDG) restaurants have recently emerged as new and creative concepts in the modern milieu of competitive restaurant business in the urban cities. This is the fastest growing business in Kathmandu. The *gazal* and dance restaurants provide additional attraction to customers by way of live performance by musicians (*gazal* or classical singers backed by musical instruments) or by dancers dancing to live or recorded music ranging from classical to folk to popular film songs on the request of customers. These are considered to be fun places where people come to enjoy the performances along with some food. Both male and female artists perform in these restaurants. Recently the *gazal* performances in roadside restaurants are phasing out and giving way to the mediocre dance performances, which seem to attract more customers. The race is on to win out that can introduce more dazzling and sexy dances. The dancers (artists) are invariably females from poor economic background and migrate to the city for quick money. Dancers play prominent role in restaurant business and earn a lot by way of tips.

The cabin restaurants have a number of separate small individual 'cabins' within the restaurant, and customers seeking privacy for clandestine and tête-à-tête meetings visit these. An implicit characteristic of such cabin restaurants is the purported 'personalized services' of female waitresses in the cabins, a factor responsible for reported sexual exploitation of the attendants. This has generated bad name in the society, and recently a strong move is on to shut down such restaurants.

The business in such restaurants generally starts in the evening, and teenagers are the prime customers followed by employed persons of all class and age. Many restaurants have waiters and waitresses in uniform. The food available in this CDG restaurant is the same as that served in the restaurant and bar category. Food is served according to choice, but they are mostly snack items or accompaniments of alcoholic drinks. The environment in the restaurants in the *gazal* and dance restaurants is generally highly noisy, and reeks of cigarette smoke and alcohol.

## **5.2 Status of Restaurants**

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### **Formal and Informal Status of Restaurants**

There are certain rules making it mandatory for all enterprises to be duly registered in one or more agencies like offices of the Ministry of Commerce/HMG, the municipality/sub-municipality offices, the local ward offices, the VAT office/Income Tax office of the Ministry of Finance, Ministry of Tourism, Department of Cottage and Small Scale Industry/HMG etc. However, half of the restaurants are found to be operating without being formally registered in any agency. They also do not display any visible signboards (another existing rule) indicating the existence of the restaurants. This indicates the apathy shown by the restaurants toward rules of the land, and a reflection of their lack of long term objective regarding the business.

The upsurge in the restaurant business is relatively new as indicated by the fact that only 15 percent of the restaurants are more than five years of age. The rest have been established less than five years ago. The CDG restaurant category is comparatively young and newly established, and small tea stalls exhibit high shifting of ownership. The overall business is a quite volatile, the life span of most restaurants is low, and ownership turnover is high and fast. This could be attributed to informal nature of operation by half of the restaurants. Most restaurants in rural areas, where regulatory and monitoring machinery is weak, are operating without any formal registration.

### **Employment Status**

The small restaurants, on an average, engage two family members and about six paid workers. Male workers largely dominate the subsector. Only 12.5 percent of the workers are female workers. [Refer Table 5-2]

Among the different categories of restaurants, small tea stalls have a maximum number of unpaid family members, an average of 2.6 and a median of 3, work in small tea stalls. Correspondingly, these tea stalls have minimum paid workers - an average 2.8 people. In contrast, the CDG restaurants have the least number of family members (less than one) and the maximum number (13.4 average and 10 median) of paid workers.

In sweet/*chaat* category, employed female workers are comparatively low (only 4 percent of the total paid workers), whereas CDG restaurants with 44.8 percent have the highest proportion of the paid workers. Waiters and artists in this category are mainly women. Interestingly, semi-urban areas have comparatively higher proportion of paid female workers (34 percent of the total workers).

### **Restaurant Business**

Nepalese normally do not like to acknowledge that their business is doing well. Very few would admit that it is increasing. However, as acknowledged by almost three-fourth of the restaurant managers, the overall business trend is quite stable (meaning, they are doing good business). [Refer Table 5-3] Most restaurants have 26 to 50 customers per day, which is considered a normal size.

About 30 percent of the Fast Food Café and *Bhojanalaya*/Restaurant and Bar categories are experiencing declined business trend. This has been attributed largely to decreasing tourist arrivals in the country, as tourists constitute the major customers of these restaurants. Likewise, most of the restaurants in the semi-urban areas (63.6 %) also mention of declining business largely due to the same reason as the samples were from tourist areas like Dhulikhel and Banepa.

### **Industrial Disputes**

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There have been no noteworthy disputes in the subsector. About one dozen restaurants experienced some disputes during the political upheaval of the early 1990s in the country. However, they were settled amicably in-house without any third party interventions. Some individual grievances and demands, mostly regarding wages, are registered at the labour offices for settlement<sup>14</sup>.

### 5.3 Status of Workers

#### Demography

An alarming half of the labour force in the small restaurant subsector is found to be below 18 years of age. [Refer Table 5-4] Child labour (workers below 14 years of age) comprises of 13.4 percent of the total workers, and 36.3 percent are between 14 to 17 years old. 31 percent of the total dishwashers surveyed are below 14 years, and 55.7 percent are between 15 to 17 years. Whereas, only 0.3 percent of the total workers is more than 46 years of age and they are mainly in the cooking occupation.

Very few women are employed in small restaurants – only 12.5% as against 87.5% males. As mentioned earlier this is mainly due to cultural reasons and also due to a combination of reasons like lack of job opportunity, security reason, etc. The female workers mainly work as waitresses (14.5 %) or artists (100 %). Unlike men, the women are not found to be working as cooks or guards.

The multivariate factor analysis [Refer Appendix] of the cases for male and female workers indicates an interesting pattern regarding the association of certain variables. Both male and female workers exhibit similar characteristics in terms of saving on earnings – workers with lower education tend to save more.

More than three-fourth of the workers surveyed are single as evident from the fact that only less than half are above 18 years of age. The majority of the married are the cooks (62.3 %).

Only about 40 percent of the total workers were from the six districts under survey. More than 60 percent have migrated from other districts. However, it was found that there is no occupational differentiation in the restaurants based on migration pattern.

A significant finding of the survey is the caste/ethnic group pattern. Nepal is rich in diversity in terms of caste and ethnic groups of people. The national population census has identified 63 social groups of people by caste, ethnicity, and religion<sup>15</sup>. For the purpose of this study, the caste/ethnic composition considers five major groups as adopted in the paper “*Migration Pattern in Nepal: Streams, Characteristics and Reasons*”<sup>16</sup>. The Hindu groups with caste origin are divided into two subgroups: High and middle caste groups comprising of Bahun, Chhetri, etc., and low caste group comprising of Damai, Kami, etc.. The Newars has been treated as separate group because of its complicated social structure. The ethnic/tribal group (*Janjati*) constitutes of two distinct groups: the Hill ethnic group comprising of Magar, Tamang, Gurung, Rai, Thakali, Sherpa etc. and the Terai ethnic group comprising of Tharu, etc. The Muslims are considered as a distinct religious group. Lastly, the other group consists of the *Madhesiya*, mainly migrants from India.

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<sup>14</sup> In Kathmandu Labour Office in the year 2000/2001, two such cases registered were settled by conceding to the demand of the workers.

<sup>15</sup> National Population Census (1991) Report, Vol. 1 Part VIII, 1993, HMG/NPC/CBS

<sup>16</sup> Bal Kumar K.C., et al, “*Migration Pattern in Nepal: Streams, Characteristics and Reasons*” Paper Presented at the National Seminar on the Dissemination of Findings of Migration Situation in Nepal Prepared for MOPE and UNFPA, Central Department of Population Studies (CDPS), Tribhuvan University, Kathmandu, Nepal. July, 1998

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Almost half (49.2 %) of the total workers are of the hill ethnic/tribal (Janjati) group. Whereas, 25.4 percent belong to high and middle caste Hindu group and only 16.2 percent are found to be the Newars, the pre-dominant local community of the surveyed area. Occupation-wise, it is interesting to note that the hill ethnic/tribal (Janjati) group dominates in all occupations in the small restaurant subsectors. It is observed that the many high and middle caste Hindu group (31 out of the total 91 cases of Bahun/Chhetri) and the Newars group (24 out of the total 58 cases) work as waiters. Many hill ethnic group (65 out of the total 171 cases of *Janjati*) work as dishwashers. 171 Large number of the Madhesiya work as cooks mostly in the Sweet/*Chaat* house.

Overall, the small restaurant subsector employs a large proportion of migrated child labour and minor workers from the Janjati community mainly as dishwashers. Their status is very vulnerable. The proportion of female workers is very low in this subsector.

The multivariate factor analysis [Refer Appendix] of the cases for three dominant caste/ethnic social groups, i.e., the high and middle caste Hindu groups (Bahun, Chhetri, etc.), Newar group and hill ethnic/tribal Janjati group reveals an interesting pattern of the association of certain variables. The Bahun/Chhetri and Newar social groups exhibit similar characteristics in terms of wage earnings. The workers of higher age groups with higher experience earn higher wages, which is quite normal. However, the hill Janjati group, which is the dominant group of workers in small restaurants, exhibit different characteristics of wage earning. This group of workers work more hours but earn less wages. With more experience, their wages also increase. Janjati groups are basically migrants, and compared to Bahun/Chhetri and Newar groups, they are mostly unskilled, work in low paying jobs demanding longer working hours – basically working in exploitative situation. It has been found that age factor has no relation with wage earning.

In terms of savings, all the three groups exhibit similar characteristics. Interestingly, workers having less education tend to save more of their earnings.

### **Education and Training**

Out of 358 workers surveyed, not a single person was college graduate. [Refer Table 5-5] Almost 70 percent of workers are either illiterate or semi-literate. The rest are school dropouts and only 7.3 percent school level (SLC) passed. 50.4 percent of dishwashers are illiterate. This can be largely attributed to high instance of child labour in the sector.

Besides the majority of workers being illiterate or school dropouts, the small restaurants have very low proportion of trained manpower. Only 3.6 percent of the total workers have undertaken some skill training related to the restaurant sector, which mainly consists of 14.3 percent of cooks.

### **Job Availability and Security**

Getting jobs in small restaurants do not appear to be a problem. Almost 93 percent of workers mentioned that jobs are available to them either regularly or most of the time. [Refer Table 5-6] Only 33.3 percent of guards and 12 percent of waiters said that they have problem in finding jobs.

95.3 percent of the workers are working on verbal contract with the employers, i.e., without any formal job arrangement. Some 7.8 percent of cooks and 7 percent of kitchen helpers claim, however, to have some form of written agreement with the employer.<sup>17</sup> Therefore, while availability of job may not be a major problem for the employee, job security due to

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<sup>17</sup> Since good cooks are hard to come by, many employers go at lengths to retain them. A formal contract is one of the means of ensuring their retention, along with some attractive perks.

lack of some formal job agreement may come in question. This problem of insecurity bodes during the time of declining restaurant business when workers may forfeit social benefits.

### **Job Turnover**

One of the features of this sector is the tendency of shifting employment from one restaurant to another. Almost 70 percent of the total workers are working in the present restaurant less than one year (half of them even less than 6 months). [Refer Table 5-7] Only 29.9 percent have been working in the same restaurant for a period more than one year. On the other hand, 47.8 percent of workers have been working in the same profession for more than one year. This shows a high tendency of job-hopping in the subsector.

Among the different occupations, the high tendency of job-hopping is evident among the cooks and kitchen helpers. While 83.1 percent of the cooks and 62.7 percent of the kitchen helpers have been in the same profession more than one year, only 49.4 percent of cook and 41.8 percent of kitchen helpers are working in the present restaurant.

36.3 percent of the total workers are not sure about what they would like to do in the future. This is especially true among dishwashers (60.2 %) and artists (50%). However, 39 percent of the cooks (the largest proportion) expressed that they would like to shift to restaurants of better class.

### **Working Hours and Wages**

On an average, workers in small restaurants work 12.6 hours a day and 77.6 hours a week<sup>18</sup>. [Refer Table 5-8] This is longer than the average working hours arrived at by the Nepal Labour Force Survey 1996<sup>19</sup>. For these long hours of work, their average monthly wage is Rs. 1175<sup>20</sup>. While the average working hours is over 60 percent longer than that prescribed by the labour laws, the average wages is 45 percent less than the minimum wages set by the government.<sup>21</sup> There are workers whom get even less than Rs. 500 per month (minimum wage bracket), and also those earning more than Rs. 5000 (maximum bracket).

On an average, cooks and artists earn Rs. 2570 and Rs. 2250 per month respectively, the highest among other occupations, and the only categories meeting the minimum wage scale in terms of amount. However, to earn this amount, the cooks have to put in 74.2 hours of work per week. Besides, considering cooks and artists being classified as skilled workers, their average earning would still be lower than the minimum wages of that category. Except for the artists, workers of all other occupations work longer hours per week, but earn very low wage.

Dishwashers in general work the longest (86.5 hours) compared to other occupations, but they are paid the lowest (Rs. 980 per month), much lower than the minimum wage. Dishwashers in small tea stalls are paid the lowest (Rs. 625 average), and work 89.6 hours per week.

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<sup>18</sup> Weekly working hours is calculated on the basis of daily working hours subtracted by rest hours and multiplied by work days per week.

<sup>19</sup> The Nepal Labour Force Survey 1999 reports average hours of work per week in hotels and restaurant sector as 55.5 hours. This sector also includes large scale hotels, which largely follow the mandatory 48 hours per week, mentioned in the Labour Act 1992..

<sup>20</sup> The central tendency of the average wages show a median figure of Rs. 1001 to Rs. 1500, and the mode figure of Rs. 501 to Rs. 1000. This means that majority of the workers are getting wages in the low bracket of Rs. 501 to Rs. 1000 per month.

<sup>21</sup> The present minimum wage is Rs. 2116 for the lowest level of workers (unskilled). The minimum wage of other levels are: Rs. 2166 for semi-skilled, Rs. 2276 for skilled and Rs. 2466 for highly skilled. (Source: Nepal Gazette, Part 50, April 2000)

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Cooks in sweets/*chaat* house are the highest paid with an average of Rs. 3210 per month. Although money-wise, cooks in general are paid better than those in other occupations, they too have to put in more than 70 hours per week. The average wages of kitchen helpers range from a high of Rs. 2050 (in fast food café) to a low of Rs. 1065 (*bhojanalaya*/restaurant and bar). There is even a stray case of a kitchen helper in a small tea stall getting as low as Rs. 500 only, working for 91 hours per week virtually as a bonded labour to the owners. However, since a small tea stall employing a kitchen helper is very uncommon, this lone sample cannot be generalized.

Waiters earn a minimum of Rs. 960 per month in *momo/sekuwa* center with 73.9 hours per week and a maximum of Rs. 1745 in CDG restaurants with 54.4 hours per week. In small tea stalls they work as long as 15 hours per day on the average (94.5 hours per week).

Guards are hired only in *bhojanalaya*/restaurant and bar, fast food café and CDG restaurants. They earn Rs. 2250 in the latter two categories of restaurants. Artists are employed only in CDG restaurants. On an average, they get Rs. 2250 per month and put in their time for only 31.5 hours per week.

Thus, the general scenario is that of very long working hours and lower wages, both conditions flouting the mandatory provisions of the prevailing laws. Interestingly, employers try to rationalize this situation by accounting for the meals provided two to three times a day to workers (in all restaurants) as part compensation for low wages. While artists seem to be in better position, dishwashers have the worst status. The fact that the latter are mostly child workers could be the contributing factor to this situation.

### **Facilities and Incentives for Workers**

A worker in the small restaurant subsector basically lives in the workplace itself or in some separate place designated by the employer. A maximum proportion (61.7%) of workers get lodging facility. [Refer Table 5-9] As high as 85.8 percent of dishwashers, 79.1 percent kitchen helpers and 74.4 percent waiters having been getting this facility. They 'live' in the workplace and work longer hours.

Half of the workers receive loan or advance facility. Cooks, who earn comparatively more than those in other occupation, are highly utilizing this facility. 72.7 percent of cooks and 74.4 percent of kitchen helpers are getting advances.

Another important facility provided to the workers is medical facility, which is availed by 41.6 percent of the total workers. The other facilities provided are leave facility and bonus. 27.1 percent workers claim to get leaves and 10.1 percent get some form of monetary bonus. Guards and artists do not get these benefits. Informalization of the sector is evident from the fact that very negligible number of workers avails of other facilities such as maternity services, provident fund, education and skill training. Being in the food catering business, almost all categories of restaurants provide meals to their workers.

Availability of fooding and lodging is the prime attraction for many new job seekers to join this sector, and an important reason for most workers to remain in the job despite long working hours and low wages. Many of them have no choice either. Considering the low wages, the largely migrant workers can hardly afford to stay outside on rent. Thus, there is compulsion for the workers to stay at the workplace as well as for the employers to provide such facilities. This raises the question whether the fooding and lodging and even loans provided could really be termed as facilities.

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### **Working Condition**

The assessment of working environment based on personal observation by the enumerators in the customer service areas and kitchens of the restaurants reveal that, overall, about half of the restaurants have kitchens which are filthy, unsafe and lacking in proper ventilation. The *momo/sekuwa* center, sweet/*chaat* house and small tea stalls mainly have unhealthy condition.

Customer service areas are generally kept clean and have better working condition. However, conditions of insufficient ventilation and excessive level of noise and heat and health hazards prevail in almost all categories of restaurants. Comparatively, workers in the modern fast food cafe category work in better working conditions both in the kitchen and the service areas.

### **Living Condition**

The majority of the dishwashers, kitchen helpers and waiters 'live' in their work places or at their employers' place. They are also engaged in the domestic chores of the workers. Almost all the workers (more than 97 percent) avail of electricity, tap water and reasonable toilets. [Refer Table 5-10] Whereas, only 33.5 percent of workers have access to telephone facilities, i.e., they get to use the phone when required. Most restaurants probably do not permit workers to use the phone. Overall, workers of all occupations have access to the minimum requirements for their living. This is probably because the survey sample largely comprises of the urban area where these basic utilities are available.

### **Health and Nutrition**

It has been found that the majority of the workers (87.7%) take three meals (breakfast, lunch and dinner) a day. [Refer Table 5-11] On an average, workers consume some meat, milk or fruits about eight times a month. This regular intake of nutritious foods has no variation of the occupation.

A cursory observation of the physical appearance of workers reveals that more than 90 percent possess either normal health condition or are quite healthy. This conclusion, however, is not determined through medical diagnostic tests. Most of the cooks and kitchen helpers appear quite healthy indicating some relationship between healthy condition and specific occupation.

When sick, 68.7 percent of the workers visit hospitals, which provide cheaper and reliable services. Some 29.1 percent go directly to medical shops where they rely on the 'diagnosis' of the shop owner and pay only for the medicines 'prescribed' and sold by the shopkeeper. As is the general practice in the Nepalese society, only few seek the services of professional doctors in their private clinics where charges are quite out of reach for many.

There appears to be a glaring contradiction regarding the good health condition of the workers and the dismal work environment in which they work. The obvious question is how can people working in unhealthy work environment still possess good health. This scenario could prevail partly due to the high rate of employee turnover in the small restaurant subsector as observed earlier. The work condition may be partly responsible for the turnover too, but the stability of workers is not long enough for the work conditions to affect their health negatively.

### **Savings and Expense Decision**

*82.2 percent of workers manage to save more than half of their earnings. [Refer Table 5-12] Probably because most of the workers get fooding and lodging facilities (two larger*

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*expenditure areas) at the place of employment, workers have very little areas to spend their money on. Besides, many workers are young, single and have minimum responsibility of their families.*

Occupation-wise, about 20 percent of cooks and 22 percent of waiters save one fourth or less of their income, whereas 53 percent of kitchen helpers and 68 percent of dishwashers save three fourth or more of their earnings. The above rational applies more to the latter two categories of workers.

Only 31 percent of dishwashers have ownership of their savings. Most are retained by the employers for security reasons – security of the money on behalf of the workers or their wards, and security to ensure that the workers do not leave the job. The dishwashers, who are largely child workers, therefore, hardly get the money in hand or the time to spend on anything.

An enquiry into expenditure areas reveal that, on an average, 77.9 percent of workers spent their earnings on clothing, whereas 53.9 percent, 47.5 percent and 42.5 percent of workers spend on recreation, emergency and medicine respectively. Expenses for education does not come under important consideration for the workers as only 10 percent of them spend their money in this area.

63.4 percent of workers buy clothes occasionally (during major festivals and social events) and 31 percent very rarely. Among different occupations, 52.2 percent of dishwashers and 41.9 percent of kitchen helpers rarely buy clothes. They generally do with handouts from the employers.

Television topped the list of recreation areas for the workers as expressed by 52.8 percent. 46.1 percent listen to the radio while 45.3 percent watch movies. 13.7 percent neither watch TV or movie, nor listen to the radio. 21.2 percent of the dishwashers do nothing for recreation as they are so bogged down with work; they hardly have any time other than work.

### **Awareness on Trade Unions and Membership**

Only 6.7 percent or 24 workers out of 358 respondents showed awareness of the existence of trade unions in the country. [Refer Table 5-13] None of the dishwashers or artists is aware of this. Only 6 workers surveyed (3 cooks, 2 waiters and one kitchen helper) are members of some trade unions.

The virtual lack of awareness among workers in the small restaurant subsector regarding the existence of trade unions and poor membership show that existing trade unions have neither been able to encompass these workers under their umbrellas nor launched effective awareness programs. The trade unions admit that they lack the scope to tread in the informal sector, and the provisions of present legislative mechanism do not address the major issues to bring workers in this sector under an appropriate safety net.

### **Child Labour and Gender Issue**

The small restaurants have high instance of child workers. Half of the workers in the subsector are child labour, i.e., children between 5 to 17 years of age. That accounts for almost 11,000 child labour in this subsector in the Kathmandu Valley alone. Occupation-wise, more than half of the child labour is dishwashers and one-third work as waiters. The majority of these are in *momo/sekuwa* centers followed by *bhojanlaya*/restaurant and bar.

Almost 80 percent of these children are illiterate or semi-literate and have no access to education. None of them have received any sort of skill training. The average earning of the child workers is Rs. 765 per month but majority of them earn less that amount. The little earnings of almost 60 percent of these child workers are taken away by their parents/wards.

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On an average, a child worker puts in as high as 78 hours per week which is almost twice the maximum period prescribed by the law. The subsector, thus, comprises of the worst forms of child labour, which need to be urgently addressed.

About one-eighth of workers in the small restaurants are women, and half of them are in the CDG restaurants where most of them are vulnerable to exploitative situation.

These exploitative situations go unchecked, as these restaurants do not come under the purview of the labour laws, which are by and large applied only in the formal sector enterprises. Even the trade unions have failed to extend their umbrellas to these exploited children and women workers.

## **5.4 Employers' Perspective**

Since most of the restaurants are family run, the employers have the tendency to patronize others as family members and expect others including the paid workers to behave as they do. For example, the general attitude would be “When I am working hard why not all my workers? I work longer hours, why not the others? I save very little, but I still give enough which they can save.” This rationalization for long work hours and low wage is very common.

Most employers feel that their workers are happy working for them. Since no formal contracts are there with the workers, the employers claim that they have no hold on the workers, and the latter may quit if they so desire.

They feel that they are meeting various requirements of the workers as they would of their actual family members. The sincere workers are provided advance money or loans when they request for certain amounts for various social or other expenses back home. The workers are provided necessary medical care every now or then (generally related to the occupation). In a way, the employers' claims that they are looking after the concerns of the workers are true.

The employers feel that they help their poor workers sustain in the costly urban life by providing fooding, lodging, clothing and occasional pocket money for savings and recreation<sup>22</sup>. Since the basic boarding costs are taken care of and most workers having very little spare time to spend on other items, any cash money received is saving to them.

The employers claim that workers refuse the proposition of working for eight hours only and without utilizing the lodging-fooding facilities. They prefer to work longer hours so that they can receive food the whole day (2 to 3 meals) and assured place to spend the night, as these are the two primary cost areas for them. They are happy not having to spend their wages for anything else.

Employers complain that cooks are difficult to handle and have to be provided with better employment package with liberal facilities. Yet they bargain often for more and hint (threaten) of leaving their jobs if their requirements are not met. Waiters in good restaurants like fast food cafe and tourist class restaurants receive tips from customers and generally earn more than the others.

Employers feel that many workers make restaurants their first stepping stones to come to the urban cities. The workers establish contacts with various people and are always on the look out for better jobs and quit as soon as they get better paying jobs.

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<sup>22</sup> The 'lodging' is basically a place to sleep at the workplace on two benches or tables joined together serving as the bed after cleaning up the service area of the restaurants. 'Fooding' is what is cooked and leftover after serving the last customers in the restaurants, and 'clothing', except in good fast food cafes, restaurant and bars and CDG restaurants, could be handouts of second hand clothes of the employers or others.

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Trade unions are not welcome, and the employers do not appreciate interference from outsiders that could disturb or influence their workers.

## **5.5 Major Issues Concerning Workers**

The subsector has high and fast incidence of job turnover as most workers use the small restaurants as temporary stepping stones to bigger and better job opportunities. This is probably related to the prevalence of long working hours and low absolute wages. The gross violation of basic legal provisions regarding minimum wages and maximum working hours prevails unregulated.

Workers receive 'facilities' such as food, lodging and advance/loan money. Employers rationalize longer work hours and low wages being compensated very well by those 'facilities', which they provide to the workers. These 'facilities' in a way have implications of some degree of bonded labour situation from which the workers cannot easily escape.

The general health conditions of the workers look sound although the prevalence of health hazards and unsafe working environment is quite high. The mismatch of health condition of workers and physical work environment needs to be rationalized through in-depth investigation.

Virtually none of the workers are aware of the existence of trade unions. This highlights the lack of attention of unions in this subsector and the failure to encompass the workers in the informal sector.

## **6. THE STAKEHOLDERS OF SMALL RESTAURANTS**

### **6.1 Government**

The State has had very little role in the development of small restaurants, and promotion of employment and social security of the workers in the small restaurants. However, tourism has been targeted as one of the major sources of foreign currency earning in the country, good restaurants are being considered as necessary infrastructure needed to attract tourists to spend in them.

To augment the support needed in this sector, in 1972, the Nepal government established Hotel Management and Tourism Training Center, which is presently named as National Academy of Tourism and Hotel Management (NATHM)<sup>23</sup>. However, very few small restaurants can afford to retain graduates from the training center as they are expensive and dislike working longer hours without additional benefits. Besides, there is good market for such graduates in large and high class hotels and restaurants (the placement of the graduates is almost 82 percent).

The Local Self Governance Act, 1998 empowers respective local governments (municipalities or VDCs) to regulate the small enterprises including small restaurants located in them. The Act provides for all business enterprises to pay business taxes to the respective local governments as prescribed by them. The survey has revealed that only half of the

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<sup>23</sup> Lately, with the support of multi-lateral agencies like ILO and UNDP, this training center has been upgraded to the status of an academy (National Academy of Tourism and Hotel Management) to provide 2-year diploma and 3-year university degree in hotel and tourism related subjects. The major professional areas covered are the cook, waiter and restaurant manager. The academy has been placed under the umbrella of the Ministry of Tourism and Civil Aviation.

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restaurants are registered for this purpose. This has added to the difficulty of monitoring these enterprises.

There are some provisions within the existing legal framework that provide for social protection to workers in MSEs. And, workers in small restaurants employing between 2 to 20 workers can also avail the benefits regarding their welfare. However, the provisions have not been fully tested by the workers and unions, and have not been monitored by the government for its implementation either.

The Time Bound Program and Master Plan on Child Labour 2001 – 2010 has expressed commitments to solve child labour problems also in small restaurants within 10 years.<sup>24</sup>

The government does not find any problem regarding industrial disputes in restaurants. In fact, there are very few recorded disputes in this sector. The general perception of the government is that the restaurant business is growing, the workers are happy, and they are getting jobs. Basically, there is satisfaction to gain from that.

## 6.2 Employer

There are mainly three categories of employers in the small restaurant business:

- i) Employers with very small investment capacity and running the business with the involvement of the family. Most of the *momo/sekuwa* centers, sweet/*chaat* houses, *bhojanalaya*, and small tea stalls fall under this category.
- ii) Employers, individually or in partnership, having a medium level investment capacity running the business either professionally or with the involvement of the family. Small fast food café and restaurant and bar generally fall under this category.
- iii) Employers with large investment capacity operating professionally in partnership and or as a limited company, having relatively high business turnover. This category comprises of most of the fast food café, restaurant and bar and CDG restaurants.

These three types of employers operate the restaurants with different approaches. The first category of employers themselves works in the restaurants and expects all workers to work like them. They treat workers as family members, and provide minimum facilities required for healthy work life. They employ the maximum number of child labour. Although there is good business with little investment, these employers generally do not get their business registered with the concerned authority, and thus are not serious about paying taxes.

The medium sized investors would like to see their business grow albeit with limited investment and limited capability to manage the people and resources. They hire trained cooks, but cannot retain them for long. They keep kitchen helpers and dish washers with minimum wages, as a result, the latter are always on the lookout to shift to better class restaurants. Like the first category of employers, these too are not much concerned about either getting their business registered or joining some trade associations. Tremendous supply side of labour from rural areas has given them the opportunity to operate their business even in a situation of high labour turnover.

Small restaurant owners having substantial investment capacity operate the restaurants in a professional or semi-professional manner. Modernity and changes in eating habits of young Nepalese and substantial flow of tourists in the country have created the market for these types of restaurants. The employers thus give emphasis on improving the working

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<sup>24</sup> National Master Plan on Child Labour 2001-2010, prepared by BISCONS for His Majesty's Government/Ministry of Labour and Transport Management, has set the goal to eliminate worst forms of child labour by 2005 and all forms of child labour by 2010.

environment, ensuring hygienic food, motivating workers with better salary, limited working hours, uniforms and other social security measures. This category has organized themselves under Restaurant and Bar Association of Nepal (REBAN). Most of them have registered their business, and contribute to the government exchequer as the business is also faring well.

REBAN was established in 1990 and liaises with the Ministry of Tourism because restaurants of this organization identify with the tourism sector more than the other sector of customers. REBAN has 95 members – 49 from Kathmandu and 46 from Pokhara. The immediate concern of the association is to categorize the tourist level restaurants into three classes: deluxe class, first class and standard class<sup>25</sup>. This categorization is intended to formalize and standardize facilities to the workers in such restaurants. As such, very few of the restaurants in the MSE subsector are members of REBAN.

The employers have not felt any such threats from workers that could turn or have turned into disputes. As specified in its constitution, REBAN will perform an arbitrational role to settle disputes if such cases happen within the restaurant industry. Although REBAN does not represent all small restaurants in the country, it is an appropriate forum to look after the rights and welfare of the workers in the sector.

There is a very good example of employment on the part of the employers of a specific popular small restaurant – a novel idea in social responsibility that has resulted in benefits for the business and started a revolution of sorts. The Bakery Café of the Nanglo chain of restaurants has adopted a unique practice of employing literate deaf and dumb employees in its cafés and has been highly successful in attracting a lot of customers. These deaf and dumb workers are trained to take orders from customers and serve them at the tables. This, coupled with clean and hygienic working conditions and good management practices has put the Bakery Café in the forefront of fast food café business within a very short period of time. The Nanglo chain now has five similar restaurants in the Kathmandu Valley, and is seen as models for employment creation and social protection to the workers.

### **6.3 Worker**

The phenomenon of perennial push factors like poverty in rural areas and illiteracy and the pull factors like ample food and lodging facilities, opportunity to meet people of affluent society, etc. has given rise to continuous flow of workers from rural to urban centers creating an overwhelming surplus of unskilled workers in small restaurants. The labour market of small restaurants is not a balanced one. The growth in business of restaurants cannot cope with the flow of poor, illiterate migrated and unemployed workers.

Workers in small restaurants are largely working in an exploitative situation with longer working hours and very low wages. Their employment just provides for basic daily necessities like food and lodging.

Since the employment is very much at an informal level, workers neither are fully aware nor have the inclination to indulge in organization or join associations due to the primary fear of losing their jobs. They have to resign with the satisfaction that they are getting some form of employment, and are less inclined to bargain on issues of their social protection.

Many workers take their employment in small restaurants as a temporary adjustment or a stepping stone for some bigger and better opportunities. They want to acquire the skills of a cook or a waiter and move to other restaurants with better facilities like higher standard

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<sup>25</sup> The basis of classification will be a combination of features like approachability (access to the restaurant), general work environment, hygienic conditions of kitchen, cleaning area and stores, clearing practices, staff planning, training, food standards, decoration, documentation, uniform, staff facilities, and general guest service levels.

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restaurants or star hotels. For some, the ultimate goal is to go into foreign employment in the Gulf, Malaysia, Korea, Japan, etc.

## **6.4 Trade Union**

One of the unions affiliated to DECONT, Nepal Tea Shops and Restaurant Workers' Union, although newly established to look after the concerns of restaurant workers, had become defunct after some time. But efforts are being made to make this union functional again.

There is no autonomous body under GEFONT to deal with the concerns of restaurant workers. However, after the recent hotel service charge dispute, the federation is establishing a separate department under its umbrella to deal specifically with issues of restaurant workers.

Although NTUC has no separate union under its umbrella dealing specifically with the restaurant sector, the Nepal Shop Workers' Association looks after the concerns of small entrepreneurs and workers of small restaurant worker.

Besides these, none of the trade unions have any significant programs for the workers in MSE restaurants that is noteworthy. Trade unions have been concentrating mainly in legally registered formal enterprises employing 10 or more workers. They have only recently started being involved in the informal sector as well, covering the agricultural, and construction and transportation workers.

After the restoration of democracy in Nepal, in the early 1990s when trade unions also started reemerging strongly in the country, disputes emerged in a few restaurants regarding some welfare schemes for the workers. Although a dozen tourist class restaurants were affected, the disputes were settled discreetly without giving more impetus on the subject.

## **6.5 Civic Society**

The 1990s saw a proliferation of NGO/INGOs and CBOs with various programs aimed at fighting against all forms of social injustices in the society. A large number of them took up the issues of gender and child labour, and a few in bonded labour. There is an estimated 300 such societies actively involved in these two areas.

A large proportion of child labour is in the small restaurant subsector, and not many civic societies have paid attention to the problems of the workers of this sector. Few activists in the area of child workers have taken up the issue of domestic child labour as child workers at risk environment, and have included the cases of child workers in restaurants together with the former. Some NGOs like Child Workers in Nepal (CWIN) have been successful in addressing the issues of child workers in general through policy advocacy and public awareness programs. Collaborative efforts of such NGOs have resulted in the formulation and enforcement of the Children Act, 1992 and the Child Labour (Prohibition and Regularization) Act, 1999.

The government has appealed for the support of the civic society to implement its master plan on child labour elimination in the country. This plan has clubbed child labour in restaurants with the domestic child labour. With the resources available from different bilateral and multi-lateral agencies, the NGOs and CBOs have shown their interest in implementing the program of the government.

Few gender activists are seriously involved in social awareness, advocacy and actions regarding gender equality, sexual abuse and rights of women in general. They are involved in a number of areas like parental property rights, girl trafficking and rehabilitation of sexually

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abused women. Although women workers in restaurant do not feature as their priority target, those women come under the purview of the NGOs in terms of the afore mentioned issues.

The NGOs and CBOs are mainly involved in awareness building, advocacy, rehabilitation, non-formal education programs etc. But none have specific programs targetted at small restaurant workers.

## **7. POLICY INITIATIVES AND FUTURE ACTION**

Restaurants in the micro and small enterprise sector present a general scenario quite representative of the whole sector comprising of a number of other subsectors in the service, traditional crafts and small manufacturing categories. Policy initiatives may not be practically possible for the restaurants and workers in the restaurants alone, but broad-based policies, programs and actions will address specific issues in the sector. Discussions on the initiatives for restaurants, to a large extent, apply to other sectors too. The policy initiatives and future actions are grouped by the different stakeholders namely the government, employers, trade unions and the civic society.

### **7.1 Government**

The National Labour Policy addresses a lot of labour issues encompassing both the formal and informal sectors, but in translating the policy guidelines into action, the Labour Act, 1992 has limited provisions for the informal sector or the MSE sector enterprises employing less than 10 persons. Most of the restaurants in the MSE sector are beyond the purview of the Act. In this context, there is hardly any legal framework to address issues of social protection, organization and other rights of workers in the subsector.

Besides, it has been found that most of the small restaurants even in the municipality areas are operating without proper authorization. The ministries and departments under the central government cannot look into the operations of the MSEs. It is quite impossible to monitor the small restaurants without their being registered or accounted for in the local governance institution. On the other hand, it is a fact that the local bodies lack the institutional capacity to deal with the matter. They therefore fail to create and maintain any form of records and database regarding the number and type of restaurants, the information regarding the employers and employees in them, the contribution to the revenue of the local governance bodies, etc. In its absence, the local bodies fail to make any positive intervention in the restaurants operating in their jurisdiction.

A cursory survey of these restaurants reveals situations of potential health hazards of the workers and customers because of appalling conditions of the kitchen as well as food preparation, washing places, service rooms etc. In the absence of proper monitoring mechanism, these go unchecked.

In this context, the government should embark on initiating the following programs and actions.

#### **Registration of MSEs**

The local government at the ward (lowest unit) level whether in the municipality or the VDC should make a door to door survey of all the enterprises in MSE sector including small restaurants operating in their area to appeal them to essentially formalize their operations through registration. But before this, appropriate inclusions in the Local Self Governance Act, 1998 has to be made to empower the local governance to monitor the registration of all enterprises within their jurisdiction. This has a number of benefits to the local body in terms

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of revenue collection and monitoring their operations for protecting the rights of workers and customers. The concerned body should make the process of registration as well as renewal easy and not harassing - the reason that normally scares entrepreneurs from registering.

### **Statistical database**

The database of MSEs including small restaurants and all workers in them is important for the local authorities to monitor the activities of the MSEs and address specific concerns like social protection and security of the workers. The database could be maintained based on certificates issued to the MSEs and ID cards to workers in them. The database also provides the scope for research and for developing targeted policies and plans.

### **Capacity building**

The government must strongly launch capacity building programs to enable local authorities to maintain a rational database system and record all forms of enterprises in their area, and the employers and workers in them. Along with this, a mechanism for effective monitoring of the restaurants must be established to deal with the critical concerns of the local bodies. This involves the development of human resource as well as the development of necessary hardware and software logistics.

### **Protecting health of customers**

Legal provisions regarding application of minimum mandatory norms regarding food standards, work place (kitchen, washroom and service room) standards such as ventilation, lights, space, water usage, food preparation, services etc. The Food Inspection and Standard Act, 1966 should be revisited to implement and monitor these minimum levels of health and hygiene standards that impact the customers and also the employees who consume food in such environment. Although a blanket application would be quite impossible, part of the problem could be reduced by enforcing provisions for having trained manpower including employers in health matters of restaurants. An authority on food standards like Food Research Laboratory/HMG could provide some form of assurance for "good practices". This will contribute to the business of the restaurants as well.

### **Policy analysis for legal reforms**

The small restaurant subsector and MSE sector in general encompass various dimensions and forces that need to be properly analyzed for bringing about legal reforms to effectively address its issues and concerns. The Labour Act, 1992 must address workers in the informal and MSE sector regarding their employment and job security, work period, wages, welfare, dispute settlement etc. The trade unions feel handicapped to effectively reach out to the workers in the MSE sector. The Trade Union Act, 1993 needs to be revisited to enable the unions to organize these workers in a simpler way. The government needs to decide how to handle the issue of child labour in the subsector although the master plan on child labour does include such workers in restaurants. The local governments must coordinate their work with the labour offices of the Ministry of Labour/HMG in the areas under concerned labour offices in dealing with employment problems.

### **Exposure programs**

Since the government has a major stake in the overall development of MSE sector in the country including that of the workers in them, various programs to expose stakeholders to new ideas can be arranged. These programs could be in the form of workshops, study trips abroad, utilizing both foreign and local experts and practitioners to train or to share their

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experiences, etc. These programs can be oriented to government officials as well as representatives of employers' organizations, trade unions, academic institutions, etc. An international organization like the ILO could play a significant contributory role in providing technical support to such programs.

## **7.2 Employer**

REBAN is the only association of the employers of restaurants. But this represents only a handful of restaurants catering to the tourists in the country. The larger number of small restaurant owners in the MSE sector is unrepresented. And it would indeed be an arduous task to organize the employers, as it would the workers, because of the informality of this large number.

Except for some REBAN member restaurants, none of the restaurants are managed on professional grounds. Most MSE restaurants like *momo/sekuwa*, *bhojanalaya*/restaurant and bar, sweets/*chaat* categories are family-run and traditionally managed. Employers of these as well as some restaurants of other categories exhibit utter lack of professionalism in their management in general and their employment practices and dealings with customers.

The environment in these restaurants is not congenial to the health of both the customers as well as the workers in them. The unhygienic condition of kitchens, food preparing methods, the equipments used etc. add to potential health hazards of the customers mostly of the low or lower middle income groups. The money motive of the employers, the inability of authorities to enforce food and service standards, and the lack of consciousness of the consumers are the prime reasons for the apathy shown by the employers regarding health and hygiene of the restaurants.

### **Entrepreneurial training**

Under strict legal provisions, employers must ensure quality food and services in the restaurants. They should start by undergoing appropriate entrepreneurial training on management of the restaurants and learn about health and hygiene concerned with food and service. In general, they should be trained to enable them to adopt good management practices, i.e., employing trained manpower like cooks and waiters in restaurants, maintaining hygienic kitchen and washing places, ensuring the use of quality food ingredients, etc. The same applies to other enterprises also. Training of the employers in the MSE sector will promote the growth of business in that sector and protect the interests of both the workers and customers.

### **Licensing of employers**

In line with the training, which the employers undertake, they should be allowed to start a business only after obtaining a certificate from a licensed training center, or any other authorized agency. Similar provision is already in practice regarding pharmaceutical stores. An entrepreneur desiring to start a pharmacy business in the form of retail shop or as distributor need to undertake a certain prescribed training and possess a certificate from Department of Drug Administration/HMG. This form of licensing of the employers themselves is needed to ensure quality products and services in the restaurants.

### **Trade associations**

Employers of different MSE sector must be encouraged to form trade specific associations and strengthen their capacity to become more active in the development of the specific subsectors. In the Nepalese context, it would be better for the micro and small enterprises to

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form separate associations to avoid being over shadowed by larger enterprises if represented in the associations. Although a number of small trade associations already exist, they should be strengthened to assume more active and collaborative roles as lobbying organizations for their common concerns.

### **7.3 Trade Union**

The micro and small enterprises comprising of 10 or more workers fall under the purview of the labour laws for trade union activities. There is also the possibility of union formation if at least 500 workers collectively seek to form a union. However, the present national union federations are more tangled up with the concerns of workers in large enterprises in the formal sector. In reality, they are more oriented toward the formal sector. Institutionally, they have little capability to organize workers in MSEs and address the diverse concerns in this subsector. Thus, there has been more emphasis on quantitative increase of their membership by assembling different trade related unions into their fold rather than provide qualitative services to them. However, there are a number of actions the unions can initiate for workers in the MSEs.

#### **Special attention to the MSE sector**

The unions representing larger enterprises in the formal sector cannot fairly represent the workers in MSEs. The two sectors differ in content and context; the concerns and the degree of impact on the workers are different; and so the treatment and methods of addressing problems and issues should be different. The thrust of the trade unions should be to provide equal if not more attention toward workers in the unorganized sector and not concentrate only on the organized sector. The unions should handle the issues of restaurants and other MSEs through separate departments or wings within their overall structure.

#### **Political lobbying**

The trade unions should lobby for legal reforms in Local Self Governance Act, 1998 for providing regulatory function through registering all MSEs including restaurants. Besides, the unions should exert pressure to the concerned government agencies for strict implementation of legal provisions by the owners/employers of small restaurants and MSEs. Different unions should strive to take up collaborate actions at pressure building.

#### **Workers' education programs**

Productivity is the essence of business growth, employment creation, gain sharing and improving the quality of life of workers. The trade unions should design and implement workers' education programs with this in mind. Such education programs should be launched for the workers of the MSEs including small restaurants, and not limit to the organized sector workers only as is the present practice.

#### **Membership drive and workers' ID**

The trade unions should take up mass awareness building as its priority strategy to make workers in MSEs aware of their rights and the roles the unions can play in improving their well being. With this, the unions should embark on membership drives anchoring on the present provisions of the Trade Union Act, 1993. At the same time, with the formalization of the MSEs, the unions should work to ensure that all workers are provided with appointment letters and or ID cards from their employers.

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### **Focus on specific issues**

MSEs including small restaurants are manifest of major problems such as long working hours and low wages, lack of occupational health and safety measures, extensive instance of child labour and non-existence of workers' grievance handling practices. Besides, the issues of workers in the MSEs, this sector also lack measures to provide quality services and products that have implications on consumer protection. In this context, the trade unions should focus their activities to address these MSE specific issues.

### **Grievance and dispute settlement**

The formal sector has specific provisions and established methods for handling individual and collective grievances and disputes at the enterprises level. This is not practical in small restaurants and others MSE sector. Therefore, the unions should take steps to settle problems of individuals with their employers on case basis at the enterprise level. Whereas, for common problems concerning larger group of workers, the unions should encourage collective bargaining at the national level with concerned employers' association.

## **7.4 Civic Society**

Workers in the small restaurants are mostly illiterate, semi-literate and or school dropouts, as is the general scenario in the MSE sector. Except for some modern fast food café, the nature of work does not demand highly literate workers, and working relations in the small restaurants do not provide scope for formal education even for those interested in pursuing this.

There is demand for trained manpower like cooks and waiters in tourist class hotels and restaurants where customers of such restaurants demand quality. However, training of such manpower has been the sole premise of the government run NATHM for a long time, and only recently, have some private sector training centers emerged in the scene.

Most of the problems in the sector arise due to the lack of adequate business and management knowledge of the entrepreneurs. Most employers themselves are semi-literate and highly conservative in thoughts, and, therefore, lack professional outlook regarding quality.

The MSE restaurant subsector has emerged as a potential hot bed of child workers and their situation as dishwashers and petty helpers are very exploitative. Restaurants are very appealing to these children who are mostly runaways, orphans or deliberately led to employment by their wards, and many prefer to remain working irrespective of the conditions.

### **Training institutes**

Training centers providing skill training required for various subsectors of MSE sector should be promoted in the non-government and private sectors. This will help in improving quality and productivity of workers as well as that of the enterprises, which will go a long way in employment generation. For example, trained cooks and waiters will improve the business of small restaurants. On the other hand, business development service providers should design and conduct appropriate training programs on entrepreneurial development and concepts of quality and productivity for employers of micro and small enterprises.

### **Non-formal education**

The MSE sector consists of largely illiterate, semi-literate or school dropouts. Therefore, various community based organizations, non-government organizations specializing in

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different types of education programs, and local governments should develop appropriate non-formal education programs targeted at the workers of MSEs and specially the child workers.

### **Child worker concerns**

There are a number of NGOs concerned with children at risk, but none have focused on children in the MSE restaurants. Concerned NGOs and activists should target their activities at alleviating the situation of these children building public consciousness through mass awareness programs and appropriate interventions.

### **Active consumerism**

Consumer forums should play active role to exert public pressure by demanding quality products and services from producers and service providers. This pressure should be applied to the MSE sector as well, which will have positive impact on improving operations and environments in them. For example, demand for quality food and services in restaurants are likely to put pressure on the restaurants to improve the skill of the workers as well as provide healthy work environment. The non-governmental sector should promote consumer education and movements through awareness programs and activism.

## **7.5 Alternative Organization**

The MSE sector comprises of a mix of self employed, family workers and small number of wageworkers in a varied areas of business. This lends this sector a complex dimension in terms of employee-employer relationship and the general concerns of the trade. Besides the traditional approach of social protection, organization and employment through the individual social partners discussed above, it may be necessary to think of addressing these concerns in the MSE sector by forming some new form of agency or institutions. Some examples of this form already exist in Nepal, and they have been quite successful in their own rights. The associations of barbers, auto mechanics, painters, woodcarvers, etc. are working towards enhancing dignity of labour, improving working conditions and safety at work and so on. This, in turn, has had positive effects in enhancing environments of safety and job security. These associations are also engaged in social dialoguing with the government at times of crisis. The small restaurants in particular and MSEs in general may form associations comprising of the members – employers as well as family employees and paid workers to continuously work for improvement in business which ultimately generates more employment, and solve their work place problems for the social protection of all people who are involved at the work. This approach will go a long way in solving the problems of exploitative working conditions, including child labour, gender discrimination, occupational safety and health, skill development, employment service, etc., and also enable MSEs to provide more qualitative service to consumers/clients, thus, developing growth in the business.

## **8. CONCLUSION**

In a country with only a handful of medium and large-scale industries, the micro and small enterprise sector has the largest share among the economic activities at the enterprise level in Nepal. After agriculture, the MSE sector employs majority of the total workforce.

The MSE sector in Nepal employing between 2 to 20 workers comprises mainly of the following areas:

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<u>Service sector</u>	restaurants, tailoring, barbers, transportation, printing press, auto repairs, small machine workshops
<u>Traditional crafts</u>	woodcarving, jewelry, handmade paper and paper products, idols and statues, micro carpet manufacturing, textile weaving
<u>Small manufacturing units</u>	bakery, stationery, grain/oil milling, dairy

The situational analysis of the small restaurant subsector, one of the service sector MSEs, reveals the prevalence of a situation where the general indicators of performance of the industries as well as social justice to workers is very low. This has led to low quality of employment, minimum level of social protection and inability of organizing. The prevailing legal provisions have not been able to balance the economic development of this sector with the social justice to the workers. At the same time, the focus of trade union activities in addressing these issues is also minimal.

With an average of 5.8 paid workers and 2 unpaid family members, there are almost 22,000 workers in an estimated 2,825 small restaurants in the Kathmandu Valley and its adjacent districts.

About half of the small restaurants have been operating without being formally registered, and thus being labeled under the informal sector where financial and operational activities go unregulated. This poses problems to the government in terms of revenue mobilization, accountability for the promotion of employment and ensuring the rights of workers. Awareness about the existence of trade unions and their roles is almost nil among the restaurant workers.

It is suggested that a set of policy and legal reforms initiated by the government to facilitate the growth of MSEs through provisions for registering and formalizing the MSEs, establishing statistical database of industry and workers, training of manpower, capacity building of concerned government agencies, and conducting policy analysis for legal reforms.

The trade unions need to tackle the issues of MSEs at the policy and strategy levels. Policy initiatives should be taken for special attention to workers in MSEs, pressure lobbying for strict implementation of legal provisions, and conducting workers' education focused on productivity and quality products and services. The unions should also take up the strategy for membership drive and workers' ID, focusing on MSE specific issues, and grievance and dispute settlement.

Likewise, the NGOs, CBOs and local governments should make efforts to establish training institutes, conduct non-formal education and promote active consumerism to support the MSE sector.

Besides, an alternative new form of agency or organization involving all MSE employers, family and paid workers should be conceived for developing business through the collaboration of everyone involved for enhancing employment generation and ensuring social protection for them.

## **List of Tables**

Table 2-1	: Sample Distribution by Type of Restaurant and Type of Settlement Area
Table 2-2	: Sample Distribution of Workers by Occupation and Type of Restaurant
Table 3-1	: GDP Share of Agriculture and Non-agriculture Sector
Table 3-2	: Number of Cottage and Small Scale Industries Registered
Table 3-3	: Employment by Sector
Table 5-1	: Formal/Informal Status
Table 5-2	: Employment Status
Table 5-3	: Restaurant Business
Table 5-4	: Demography of Workers
Table 5-5	: Education and Training
Table 5-6	: Job Availability and Security
Table 5-7	: Job Turnover
Table 5-8	: Working Hours and Wages
Table 5-9	: Facilities and Incentives for Workers
Table 5-10	: Living Condition
Table 5-11	: Health and Nutrition
Table 5-12	: Savings and Expense Decision
Table 5-13	: Awareness on Trade Unions and Membership

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**Table 2-1: Sample Distribution by Type of Restaurant and Type of Settlement Area**

<i>Type of Restaurant</i>	Settlement Area			TOTAL
	Urban Centre	Semi-Urban Centre	Rural Area	
Momo/Sekuwa Centre	35	4	1	40 (27.6%)
Sweets/ <i>Chat</i> House	22	2	0	24 (16.6%)
Fast Food Cafe	15	0	1	16 (11.0%)
Small Tea Stall	15	1	0	16 (11.0%)
<i>Bhojanalaya</i> /Restaurant/Bar	32	4	8	44 (30.3%)
Cabin/Dance/Gazal Restaurant	5	0	0	5 (3.5%)
<b>TOTAL</b>	124 (85.5%)	11 (7.6%)	10 (6.9%)	145

**Table 2-2: Sample Distribution of Workers by Occupation and Type of Restaurant**

<i>Type of Restaurant</i>	Occupation						Total
	Cook	Kitchen Helper	Waiter	Dish Washer	Artist	Guard	
Momo/Sekuwa Centre	7	11	33	32	0	0	83 (23.2%)
Sweets/ <i>Chat</i> House	21	8	20	21	0	0	70 (19.6%)
Fast Food Café	13	5	13	12	0	1	44 (12.3%)
Small Tea Stall	2	1	8	12	0	0	23 (6.4%)
<i>Bhojanalaya</i> /Restaurant/Bar	30	16	37	34	0	3	120 (33.5%)
Cabin/Dance/Gazal Restaura.	4	2	6	2	2	2	18 (5.0%)
<b>TOTAL</b>	77 (21.5%)	43 (12.0%)	117 (32.7%)	113 (31.6%)	2 (0.6%)	6 (1.6%)	358

**Table 3-1: GDP Share of Agriculture and Non-agriculture Sector (at present prices)**

	1985/86	1990/91	1995/96	2000/01
Agricultural GDP	51.0%	47.7%	40.5%	36.8%
Non-agricultural GDP	49.0%	52.3%	59.5%	63.2%

(Source: Economic Survey 2000/01)

**Table 3-2: Number of cottage and small-scale industries registered<sup>#</sup>**

	1996/97	1997/98	1998/99	1999/00	2000/01 <sup>*</sup>
No. of registered industries	8,196	9,650	9,990	10,127	9,881
Capital investment (Rs. million)	7,220	8,960	9,620	10,340	7,230
Employment	85,540	93,081	89,164	79,618	71,138

<sup>\*</sup> Estimate based on information available for the first eight months

<sup>#</sup> Registered in Department of Cottage and Small Industries (Source: DCSI)

Employment estimates of 2000/01 according to Economic Survey 2000/01

**Table 3-3: Employment by sector**(Pop<sup>n</sup> in thousands)

Economic sector	1991 (Census)		1999 (Labour Survey)	
	Active Pop <sup>n</sup>	%	Active Pop <sup>n</sup>	%
Agricultural, Fishery & Forestry	5961.8	81.2	7203.0	76.1
Mining & Quarrying	2.4	-	8.0	0.1
Community & Social Services	752.0	10.2	614.0	6.5
<b>Total (Rural-centered)</b>	<b>6716.2</b>	<b>91.4</b>	<b>7825.0</b>	<b>82.7</b>
Manufacturing	150.0	2.0	552.0	5.8
Utilities	11.7	0.2	26.0	0.3
Construction	35.7	0.5	344.0	3.7
Trade, Restaurant & Hotel	256.0	3.5	522.0	5.5
Transport, Communication & Storage	50.8	0.7	135.0	1.4
Finance & Real Estate	20.8	0.3	51.0	0.5
<b>Total (Urban-centered)</b>	<b>525.0</b>	<b>7.2</b>	<b>1630.0</b>	<b>17.2</b>
Others	98.3	1.4	8.0	0.1
Grand total	7339.5	100.0	9463.0	100.0

(Source: Economic Survey 2000/01)

**Table 5-1: Formal/Informal Status (In percentage of sample restaurants)**

	Sample size	Having Signboard	Registered	Operating Since				
				< 1 Yrs.	1 ~ 3 Yrs.	3 ~ 5 Yrs.	5 ~ 10 Yrs.	> 10 Yrs.
<b>All Restaurants</b>	<b>145</b>	73 (50%)	72 (49%)	40 (27.6%)	54 (37.2%)	29 (20.0%)	11 (7.6%)	11 (7.6%)
<u>Type</u>								
Momo/Sekuwa Centre	40	16 (40%)	15 (37.5%)	7 (17.5%)	18 (45%)	10 (25%)	1 (2.5%)	4 (10%)
Sweets/Chat House	24	13 (54.2%)	15 (62.5%)	8 (33.3%)	4 (16.7%)	7 (29.2%)	3 (12.5%)	2 (8.3%)
Fast Food Cafe	16	10 (62.5%)	13 (81.3%)	8 (50%)	5 (31.3%)	0 (0.0%)	2 (12.5%)	1 (6.2%)
Small Tea Stall	16	0 (0.0%)	4 (25%)	7 (43.8%)	6 (37.5%)	3 (18.7%)	0 (0.0%)	0 (0.0%)
Bhojanalaya/Restaurant/Bar	44	29 (65.9%)	21 (47.7%)	9 (20.5%)	19 (43.2%)	7 (15.9%)	5 (11.4%)	4 (9.0%)
Cabin/Dance/Gazal Restaurant	5	5 (100.0%)	4 (80%)	1 (20%)	2 (40%)	2 (40%)	0 (0.0%)	0 (0.0%)

<u>Area</u>		67 (54%)	68 (54.8%)	35 (28.2%)	44 (35.5%)	26 (21%)	9 (7.3%)	10 (8.0%)
<b>Urban Centre</b>	124							
<b>Semi-urban Centre</b>	11	4 (36.4%)	4 (36.4%)	3 (27.2%)	5 (45.5%)	1 (9.1%)	1 (9.1%)	1 (9.1%)
<b>Rural Area</b>	10	2 (20%)	0 (0.0%)	2 (20%)	5 (50%)	2 (20%)	1 (10%)	0 (0.0%)

**Table 5-2: Employment Status**


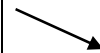

	Unpaid Family Worker			Paid Worker				
	Total*	Average	Median	Total	Average	Median	Male Emp. (%)	Female Emp. (%)
All Restaurants	<b>290</b>	<b>2.0</b>	2	839	5.8	5	87.5	12.5

<i>Type</i>	87	2.2	2	167	4.2	3.5	91.6	8.4
Momo/Sekuwa Centre								
Sweets/Chat House	42	1.8	1	177	7.4	7	96.0	4.0
Fast Food Cafe	25	1.6	2	105	6.6	6.5	93.3	6.7
Small Tea Stall	42	2.6	3	44	2.8	2.5	88.6	11.4
Bhojanalaya/ Restaurant/Bar	90	2.1	2	279	6.3	6	85.7	14.3
Cabin/Dance/ Gazal Restaurant	4	0.8	0	67	13.4	10	55.2	44.8
<u>Area</u>								
<b>Urban Centre</b>	<b>287</b>	<b>1.9</b>	2	719	5.8	5	88.5	11.5
<b>Semi-urban Area</b>	<b>35</b>	<b>3.2</b>	2	50	4.6	5	66.0	34.0
<b>Rural Area</b>	<b>17</b>	<b>1.7</b>	1	70	7.0	6.5	92.9	7.1

\* The study including the survey deals mainly with different aspects of wageworkers in the small restaurant subsector, and does not emphasize on gender differences within unpaid family workers who are also prevalent in the subsector.



**Table 5-3: Restaurant Business** (In percentage of sample restaurants)

	Business Trend			Customer Turnover per Day					
				< 25	26~50	51~75	76~100	100~150	>150
All Restaurants	10 (6.9%)	30 (20.7%)	105 (72.4%)	28 (19.3%)	63 (43.5%)	27 (18.6%)	12 (8.3%)	11 (7.5%)	4 (2.8%)
<b>Type</b>									
Momo/Sekuwa Centre	3 (7.5%)	6 (15.0%)	31 (77.5%)	7 (17.5%)	19 (47.5%)	7 (17.5%)	1 (2.5%)	5 (12.5%)	1 (2.5%)
Sweets/Chat House	1 (4.2%)	4 (16.7%)	19 (79.1%)	3 (12.5%)	8 (33.4%)	6 (25.0%)	3 (12.5%)	2 (8.3%)	2 (8.3%)
Fast Food Cafe	2 (12.5%)	5 (31.3%)	9 (56.2%)	2 (12.5%)	6 (37.5%)	5 (31.3%)	1 (6.2%)	2 (12.5%)	0 (0.0%)
Small Tea Stalls	2 (12.5%)	1 (6.3%)	13 (81.2%)	0 (0.0%)	10 (62.5%)	3 (18.8%)	2 (12.5%)	1 (6.2%)	0 (0.0%)
Bhojanalaya/Restaurant/Bar	2 (4.5%)	13 (29.6%)	29 (65.9%)	14 (31.8%)	18 (40.8%)	5 (11.4%)	5 (11.4%)	1 (2.3%)	1 (2.3%)
Cabin/Dance/Gazal Restaurant	0 (0.0%)	1 (20.0%)	4 (80.0%)	2 (40.0%)	2 (40.0%)	1 (20.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)
<b>Area</b>									
Urban Centre	9 (7.3%)	20 (16.1%)	95 (76.6%)	23 (18.6%)	56 (45.1%)	23 (18.6%)	9 (7.2%)	10 (8.1%)	3 (2.4%)
Semi-urban Area	0 (0.0%)	7 (63.6%)	4 (36.4%)	0 (0.0%)	5 (45.4%)	4 (36.4%)	2 (18.2%)	0 (0.0%)	0 (0.0%)
Rural Area	1 (10.0%)	3 (30.0%)	6 (60.0%)	5 (50.0%)	2 (20.0%)	0 (0.0%)	1 (10.0%)	1 (10.0%)	1 (10.0%)

**Table 5-4: Demography of Workers (In percentage of Workers)**

Occupation <i>Particulars</i>	All Workers	Cook	Kitchen Helper	Waiter	Dish Washer	Artist*	Guard*
<b>Sample Size</b>	<b>358</b>	<b>77</b>	<b>43</b>	<b>117</b>	<b>113</b>	<b>2</b>	<b>6</b>
<b>Age</b>							
5~13 yrs.	13.4	0.0	4.6	8.5	31.0	0.0	16.7
14~17 yrs.	36.3	5.2	32.6	40.2	55.7	0.0	33.3
18~30 yrs.	45.8	79.2	60.5	49.6	12.4	100.0	50.0
31~45 yrs.	4.2	14.3	2.3	1.7	0.9	0.0	0.0
46~60 yrs.	0.3	1.3	0.0	0.0	0.0	0.0	0.0
60 yrs. & above	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Sex</b>							
Male	93.6	100.0	97.7	85.5	97.4	0.0	100.0
Female	6.4	0.0	2.3	14.5	2.6	100.0	0.0
<b>Marital Status</b>							
Single	78.8	37.7	81.4	86.3	97.4	50.0	100.0
Married	21.2	62.3	18.6	13.7	2.6	50.0	0.0
<b>Origin**</b>							
From survey districts	39.7	33.8	37.2	39.3	43.4	50.0	66.6
From specific mountain areas	29.1	31.2	27.9	26.5	31.9	0.0	16.7
From specific Terai areas	16.5	20.8	18.6	17.9	10.6	50.0	16.7
From Other areas	14.7	14.2	16.3	16.3	14.1	0.0	0.0

**Caste/Ethnic Composition**

<b>Hindu Groups with Caste Origin</b>							
<i>High &amp; middle caste groups</i>	25.4	27.3	18.6	29.9	21.2	50.0	33.3
<i>Low caste groups</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>The Newars</b>	16.2	15.6	21.0	20.5	11.5	0.0	0.0
<b>Ethnic/Tribal Groups (Janjati)</b>							
<i>Hill ethnic/tribal groups</i>	49.2	44.1	51.0	42.8	57.5	50.0	66.7
<i>Terai ethnic/tribal groups</i>	1.7	0.0	4.7	0.9	2.7	0.0	0.0
<b>The Muslims</b>	0.6	0.0	0.0	0.9	0.9	0.0	0.0
<b>Other groups (Madhesiya, etc.)</b>	6.9	13.0	4.7	5.0	6.2	0.0	0.0

\* As the sample size is very small, these figures should be taken as indicative only.

\*\* Note:

Survey districts-

Kathmandu, Lalitpur, Bhaktapur, Nuwakot, Kavre and Dhading

Specific Mountain districts-

Dolakha, Sindhupalchowk, Sindhuli, Ramechhap, Makwanpur, Gorkha, Kaski and Syangja

Specific Terai districts-

Dhanusha, Sunsari, Sarlahi, Morang, Jhapa, Chitwan and Boarder area of India

Other districts-

24 other districts than above

**Table 5-5: Education and Training** (In percentage of Workers)

Occupation Particulars	All Workers	Cook	Kitchen Helper	Waiter	Dish Washer		Artist	Guard
Illiterate	26.3	10.4	7.0	21.4	50.4		0.0	16.7
Ordinary reading/ writing	44.3	57.1	65.1	38.4	32.8		100.0	50.0
School attended / dropouts	22.1	27.3	20.9	26.5	15.9		0.0	0.0
School level Passed	7.3	5.2	7.0	13.7	0.9		0.0	33.3
College graduated	0.0	0.0	0.0	0.0	0.0		0.0	0.0
Have skill training	3.6	14.3	0.0	0.9	0.0		0.0	0.0

**Table 5-6: Job Availability and Security** (In percentage of Workers)

<i>Occupation</i>	Availability of Job			Job Agreement	
	Regularly	Most of the Time	Only Sometimes	Verbal	Formal
<b>All Workers</b>	74.6	18.2	7.2	95.3	4.7
Cook	84.4	11.7	3.9	92.2	7.8
Kitchen Helper	81.4	18.6	0.0	93.0	7.0
Waiter	61.5	26.5	12.0	96.6	3.4
Dish Washer	80.5	13.3	6.2	96.5	3.5
Artist	50.0	50.0	-	100.0	0.0
<b>Guard</b>	50.0	16.7	33.3	100.0	0.0

**Table 5-7: Job Turnover** (In percentage of Workers)

Occupation <i>Particulars</i>	All Workers	Cook	Kitchen Helper	Waiter	Dish Washer	Artist	Guard
<u>Working in the same restaurant</u>							
1 to 6 months	36.0	20.8	23.3	37.6	49.6	50.0	33.3
6 months to 1 year	34.1	29.9	34.9	35.0	36.3	-	33.3
1 to 5 years	27.1	41.6	39.5	24.8	14.1	50.0	33.4
More than 5 years	2.8	7.7	2.3	2.6	0.0	-	0.0
<u>Working in the same profession</u>							
1 to 6 months	23.2	3.9	14.0	26.5	36.3	-	33.3
6 months to 1 year	29.0	13.0	23.3	31.7	38.9	50.0	33.3
1 to 5 years	38.0	51.9	58.1	35.0	23.9	50.0	33.4
5 to 10 years	7.8	24.7	2.3	6.8	0.0	-	-
10 years and above	2.0	6.5	2.3	0.0	0.9	-	-
<u>Future Interest</u>							
Work in this restaurant	22.6	31.2	18.6	17.9	24.8	-	0.0
Move to restaurant of the class	21.5	39.0	27.9	24.8	4.4	50.0	0.0
Change profession	19.6	19.5	20.9	26.5	10.6	-	50.0
Don't know	36.3	10.5	32.6	30.8	60.2	50.0	50.0

**Table 5-8: Working Hours and Wages**

All Restaurants

<i>Particular</i>	Monthly Income (Rs.)					Working Hrs/ Day	Working Hrs/ Week
	Mean	Median	Mode	Min.	Max.		
<i>All Workers</i>	1175	1001 ~ 1500	501 ~ 1000	<500	5000 & more	12.6	77.6
Dish washer	980	501 ~ 1000	501 ~ 1000	<500	1501 ~ 3000	13.7	86.5
Cook	2570	1501 ~ 3000	1501 ~ 3000	<500	5000 & more	12.3	74.2
Kitchen helper	1225	1001 ~ 1500	501 ~ 1000	<500	3001 ~ 5000	12.0	74.1
Waiter	1115	1001 ~1500	501 ~ 1000	<500	3001 ~ 5000	12.1	72.8

Guard	1505	1501 ~ 3000	1501 ~ 3000	501 ~ 1000	1501 ~ 3000	11.2	68.3
Artist	2250	1501 ~ 3000	1501 ~ 3000	1001 ~1500	3001 ~ 5000	5.5	31.5

Dish Washer

<i>Type of Restaurant</i>	Monthly Income (Rs.)					Working Hrs/ Day	Working Hrs/ Week
	Mean	Median	Mode	Min.	Max.		
Momo/Sekuwa Centre	720	501~ 1000	501~ 1000	< 500	1000~ 1500	12.0	76.4
Sweets/ <i>Chat</i> House	725	501~ 1000	501~ 1000	< 500	1501~ 3000	13.6	87.0
Fast Food Cafe	1000	1001~ 1500	501~ 1000	< 500	1501~ 3000	12.3	75.2
Small Tea Stall	625	1001~ 1500	1001~ 1500	501~ 1000	1001~ 1500	13.6	89.6
<i>Bhojanalaya</i> /Restaurant /Bar	690	501~ 1000	501~ 1000	< 500	1501~ 3000	13.0	81.5
Cabin/Dance/Gazal Restaurant	1000	1001~ 1500	1001~ 1500	501~ 1000	1001~ 1500	10.5	59.5

Cook

<i>Type of Restaurant</i>	Monthly Income (Rs.)					Working Hrs/ Day	Working Hrs/ Week
	Mean	Median	Mode	Min	Max		
Momo/Sekuwa Centre	2540	1501~ 3000	1501~ 3000	< 500	3000~ 5000	12.3	74.8
Sweets/ <i>Chat</i> House	3210	3001~ 5000	3001~ 5000	501~ 1000	5000 & more	12.9	78.9
Fast Food Café	2410	1501~ 3000	3001~ 5000	501~ 1000	3001~ 5000	12.5	73.6
Small Tea Stall	2000	1501~ 3000	1501~ 3000	1001~ 1500	1501~ 3000	12.5	77.0
<i>Bhojanalaya</i> /Restaurant /Bar	2450	1501~ 3000	1501~ 3000	501~ 1000	5000 & more	12.1	73.1
Cabin/Dance/Gazal Restaurant	2250	1501~ 3000	1501~ 3000	1501~ 3000	1501~ 3000	9.5	56.0

Kitchen Helper

<i>Type of Restaurant</i>	Monthly Income (Rs.)					Working Hrs/ Day	Working Hrs/ Week
	Mean	Median	Mode	Min.	Max.		
Momo/Sekuwa Centre	1250	1001~ 1500	1001~ 1500	< 500	3001~ 5000	11.3	68.1
Sweets/ <i>Chat</i> House	1125	1001~ 1500	1501~ 3000	<500	1501~ 3000	13.0	82.3
Fast Food Cafe	2050	1501~ 3000	1501~ 3000	1500~ 3000	3000~ 5000	11.4	65.3

Small Tea Stall	500	< 500	< 500	< 500	< 500	14.0	91.0
<i>Bhojanalaya/Restaurant /Bar</i>	1065	1001~ 1500	501~ 1000	< 500	1501~ 3000	12.6	80.1
Cabin/Dance/Gazal Restaurant	2000	1501~ 3000	1501~ 3000	1001~ 1500	1501~ 3000	7.0	42.0

Waiter

<i>Type of Restaurant</i>	Monthly Income (Rs.)					Working Hrs/ Day	Working Hrs/ Week
	Mean	Median	Mode	Min.	Max.		
Momo/Sekuwa Centre	960	501~ 1000	501~ 1000	< 500	1501 ~ 3000	12.1	73.9
Sweets/ <i>Chat</i> House	1225	1001~ 1500	501~ 1000	501~ 1000	3000~ 5000	13.1	79.1
Fast Food Cafe	1250	1001~ 1500	1001~ 1500	<500	3000~ 5000	11.8	67.0
Small Tea Stall	1000	501~ 1000	501~ 1000	501~ 1000	1501~ 3000	15	94.5
<i>Bhojanalaya/Restaurant /Bar</i>	1115	1001~ 1500	501~ 1000	<500	1501~ 3000	12	71.9
Cabin/Dance/Gazal Restaurant	1745	1001~ 1500	1001~ 1500	1001~ 1500	1501~ 3000	9.8	54.4

Guard

<i>Type of Restaurant</i>	Monthly Income					Working Hrs/ Day	Working Hrs/ Day
	Mean	Median	Mode	Min.	Max.		
Momo/Sekuwa Centre	-	-	-	-	-	-	-
Sweets/ <i>Chat</i> House	-	-	-	-	-	-	-
Fast Food Cafe	2250	1501~ 3000	1501~ 3000	1501~ 3000	1501~ 3000	12.0	60.0
Small Tea Stall	-	-	-	-	-	-	-
<i>Bhojanalaya/Restaurant /Bar</i>	965	501~ 1000	501~ 1000	501~ 1000	1001~ 1500	11.3	72.3
Cabin/Dance/Gazal Restaurant	2250	1501~ 3000	1501~ 3000	1501~ 3000	1501~ 3000	10.5	66.5

Artist

<i>Type of Restaurant</i>	Monthly Income (Rs.)					Working Hrs/ Day	Working Hrs/ Week
	Mean	Median	Mode	Min.	Max.		
Momo/Sekuwa Centre	-	-	-	-	-	-	-
Sweets/ <i>Chat</i> House	-	-	-	-	-	-	-
Fast Food Cafe	-	-	-	-	-	-	-
Small Tea Stall	-	-	-	-	-	-	-
<i>Bhojanalaya/Restaurant /Bar</i>	-	-	-	-	-	-	-
Cabin/Dance/Gazal Restaurant	2250	1501~ 3000	1501~ 3000	1001~ 1500	3001~ 5000	5.5	31.5

**Table 5-9: Facilities and Incentives for Workers (In percentage of Workers)**

Occupation <i>Particulars</i>	All Workers	Cook	Kitchen Helper	Waiter	Dish Washer	Artist	Guard
Housing	61.7	59.7	79.1	74.4	85.8	0.0	50.0
Advance/ Loan	50.0	72.7	74.4	59.8	66.4	50.0	16.7
Medical	41.6	54.2	58.1	48.7	58.4	0.0	16.7
Leave	27.1	37.7	46.5	32.5	34.5	0.0	0.0
Bonus	10.1	26.0	20.9	13.7	9.7	0.0	0.0
Retention when no job	7.3	23.4	16.3	10.3	6.2	0.0	0.0
Maternity services	2.5	0.0	2.3	4.3	2.7	0.0	0.0
Education	1.1	1.3	0.0	2.6	0.9	0.0	0.0
Provident Fund	0.6	2.6	0.0	1.7	0.0	0.0	0.0
Skill Training	0.3	1.3	0.0	0.9	0.0	0.0	0.0

**Table 5-10: Living Condition (In percentage of Workers)**

Occupation <i>Particulars</i>	All Workers	Cook	Kitchen Helper	Waiter	Dish Washer	Artist	Guard
Availability of electricity	99.7	98.7	100.0	100.0	100.0	100.0	100.0
Availability of tap water	97.8	98.7	95.3	97.4	98.2	100.0	100.0
Availability of toilet	97.8	98.7	95.3	98.3	97.3	100.0	100.0
Availability of telephone	33.5	32.5	41.9	31.9	31.9	50.0	33.3

**Table 5-11: Health and Nutrition (In percentage of Workers)**

Occupation <i>Particulars</i>	All Workers	Cook	Kitchen Helper	Waiter	Dish Washer	Artist	Guard	
Meals per day - Mode (%)	Three (87.7%)	Three (80.5%)	Three (81.4%)	Three (83.8%)	Three (84.1%)	Two (100.0%)	Three (100.0%)	
Meat/milk/fruits intake per month – Mode (%)	7.9	9.4	6.7	8.3	6.6	6.0	12.2	
General health Condition	Pale	0.3	0.0	0.0	0.0	0.9	0.0	0.0
	Poor	5.9	3.9	7.0	5.1	8.0	0.0	0.0
	Normal	58.4	40.3	48.8	63.2	67.2	100.0	83.3
	Healthy	35.4	55.8	44.2	31.7	23.9	0.0	16.7
When sick goes to	Medical shop	29.1	33.8	25.6	29.9	24.8	0.0	66.7
	Hospital	68.7	63.6	72.1	68.4	72.6	100.0	33.3
	Doctor's clinic	1.7	2.6	2.3	1.7	0.8	0.0	0.0

	Call doctor at home	0.5	0.0	0.0	0.0	1.8		0.0	0.0
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**Table 5-12: Savings and Expense Decision (In percentage of Workers)**

Occupation <i>Particulars</i>		All Workers	Cook	Kitchen Helper	Waiter	Dish Washer		Artist	Guard
		Monthly Savings from Earning	None	6.4	2.6	9.3	11.1	1.8	
One fourth	11.5		16.9	7.0	11.1	8.9		50.0	16.7
Half	29.1		37.7	30.2	31.6	21.2		0.0	16.7
Three fourth	28.5		20.8	41.9	26.5	31.0		50.0	16.7
All	24.5		22.0	11.6	19.7	37.1		0.0	16.7
Ownership on saving		53.1	67.5	60.5	61.5	31.0		100.0	50.0
Money Spent on	Clothing	77.9	79.2	67.4	85.5	71.7		100.0	100.0
	Recreation	53.9	62.3	58.1	54.7	43.4		100.0	83.3
	Emergency	47.5	46.8	39.5	53.8	41.6		100.0	83.3
	Medicine	42.5	37.7	37.2	52.1	34.5		100.0	83.3
	Foods	33.5	44.2	46.5	28.2	29.2		0.0	0.0
	Utilities	13.7	13.0	18.6	13.7	10.6		50.0	33.3
	Smoking/ <i>Alcohol</i>	13.4	24.7	20.9	8.6	7.1		0.0	33.3
Education	10.1	13.0	11.6	10.3	6.2		50.0	16.7	
Cloth Buying Habit	Very Often	5.6	7.8	11.6	6.0	0.9		0.0	16.6
	Occasionally	63.4	76.6	46.5	76.1	46.9		100.0	66.7
	Very Rare	31.0	15.6	41.9	17.9	52.2		0.0	16.7
Recreation	Television	52.8	49.4	51.2	57.3	48.7		100.0	83.3
	Radio	46.1	36.4	46.5	53.0	44.2		100.0	50.0
	Movies	45.3	53.2	48.8	50.4	31.9		50.0	66.7
	Nothing	13.7	15.6	9.3	7.7	21.2		0.0	0.0
	Others	11.5	14.3	11.6	12.0	9.7		0.0	0.0

**Table 5-13: Awareness on Trade Unions and Membership (In percentage of Workers)**

Occupation <i>Particulars</i>		All Workers	Cook	Kitchen Helper	Waiter	Dish Washer		Artist	Guard
		Awareness on Trade Unions in Nepal		6.7	15.6	7.0	6.0	0.9	
Membership of Any Trade Unions		1.7	3.9	2.3	1.7	0.0		0.0	0.0



# Annex 1

## *List of Persons Interacted*

1. Mr. Basudev Pokharel, Labour (Factory) Inspector, HMG/Labour Office (Kathmandu), Dilli Bazaar, Kathmandu
  2. Mr. Bharat Karki, President, Nepal Hotel Workers Union/ Democratic Confederation of Nepalese Trade Unions (DECONT), Sinamangal, Kathmandu
  3. Mr. Bishnu Lamsal, Secretary, Nepal Independent Hotel Workers Association/ General Federation of Nepalese Trade Unions (GEFONT), Ramshah Path, Kathmandu
  4. Mr. Bishnu Rimal, General Secretary, General Federation of Nepalese Trade Unions (GEFONT), Ramshah Path, Kathmandu
  5. Mr. D.P. Aryal, Secretary, Democratic Confederation of Nepalese Trade Unions (DECONT), Sinamangal, Kathmandu
  6. Mr. Devi Prasad Lamsal, Democratic Confederation of Nepalese Trade Unions (DECONT), Sinamangal, Kathmandu
  7. Mr. Dilendra Raj Shrestha, General Secretary, Restaurant and Bar Association of Nepal (REBAN), Dhobi Dhara, Kathmandu
  8. Mr. Ganesh B. Khadgi, Chairman, Ward 31, Kathmandu Municipality, Bagh Bazaar, Kathmandu
  9. Mr. Ganesh Niraula, Treasurer & Program Coordinator-Child Labour, Nepal Trade Union Congress (NTUC), Kopundol, Lalitpur
  10. Mr. Hom Prasad Khadgi, Elected Member, Ward No. 31, Kathmandu Municipality, Bagh Bazaar, Kathmandu
  11. Mr. Indramani Upreti, Secretary, Nepal Carpet Workers Union/, Nepal Trade Union Congress (NTUC), Kopundol, Lalitpur
  12. Mr. Keshav Raj Shivakoti, Deputy Head of Department, HMG/ Nepal Academy of Tourism and Hotel Management (NATHM), Kalimati, Kathmandu
  13. Mr. Khila Nath Dahal, General Secretary, Democratic Confederation of Nepalese Trade Unions (DECONT), Sinamangal, Kathmandu
  14. Mrs. Moti Shova Shrestha, Joint Secretary, Ministry of Labour and Transport Management, Singha Durbar, Kathmandu
  15. Dr. Narayan Manandhar, Executive Director, Industrial relations Forum/ FNCCI, Teku, Kathmandu
  16. Mr. Pawan Kumar Ojha, Labour laws expert, Democracy, Development and Law, Anam Nagar, Kathmandu
  17. Mr. Prem Bahadur Paunjoo, Nepal Independent Hotel Workers Association/ General Federation of Nepalese Trade Unions (GEFONT), Ramshah Path, Kathmandu
  18. Mr. Pushkar Acharya, General Secretary, Nepal Trade Union Congress (NTUC), Kopundol, Lalitpur
  19. Mr. Rajendra Bahadur Raut, President, Democratic Confederation of Nepalese Trade Unions (DECONT), Sinamangal, Kathmandu
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20. Mr. Sitaram Upreti, Under secretary, Ministry of Labour and Transport Management, Singha Durbar, Kathmandu
  21. Mr. Sudarshan Sigdel, Democratic Confederation of Nepalese Trade Unions (DECONT), Sinamangal, Kathmandu
  22. Mr. Suraj Vaidya, Chairman, Employers Council, Federation of Nepalese Chambers of Commerce and Industry (FNCCI), Teku, Kathmandu
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## Annex 2

### SURVEY SHEET- 1

No.

#### Basic Information

1. **Name of the restaurant** (Optional): \_\_\_\_\_ **Sign Board:** (a) Yes (b) No
2. **Address:** \_\_\_\_\_ (Area) \_\_\_\_\_ (Mun./VDC)
3. **Classification:**
  - (a) Momo/Sekuwa, (b) Sweets/Chaat, (c) F.F Café, (d) Tea shop
  - (e) *Bhojanalaya*/Restaurant/Bar, (f) Cabin/Dance/Gazal, (g) Others \_\_\_\_\_
4. **Where Registered?** (if any)
  - (a) Mun./VDC (b) Industry Dept. (c) Tourism Board (d) Commerce Dept.
  - (e) others \_\_\_\_\_
5. **Running this restaurant since**
  - (a) < 1 year (b) 1 ~ 3 years (c) 3 ~ 6 years (d) 5 ~ 10 years (e) > 10 years

#### Employment

6. **Usually, how many people you help by providing jobs?**
  - (a) Family members \_\_\_\_\_
  - (b) Outsiders: 1. Total \_\_\_\_\_, 2. Male \_\_\_\_\_, 3. Female \_\_\_\_\_
7. **What is the normal rate you give to your workers?**
  - (a) Cook (b) Kitchen helper (c) Waiter (d) Dish washer (e) Artist (f) Guards
  - Rs. \_\_\_\_ Rs. \_\_\_\_ Rs. \_\_\_\_ Rs. \_\_\_\_ Rs. \_\_\_\_ Rs. \_\_\_\_
8. **What is the basis of payment to your workers?**
  - (a) Daily (b) Weekly (c) Monthly (d) Whenever needed
9. **What other facilities do you provide to your workers more than the wages?**

	Facilities	Facilities
Facilities		
(a) Foods [B] [L] [T] [D]	(d)	(g)
(b) Living Space	(e)	(h)
(c) Advance	(f)	(i)

*Note: B: Breakfast; L: Lunch; T: Tea; D: Dinner*

#### Industry

10. **In your estimate, how many restaurants like yours may be running?**
  - (a) in this Ward: \_\_\_\_\_ (b) in this M/VDC \_\_\_\_\_
11. **In terms of turn over, how many customers do you serve per day?**

< 10	10 ~ 25	26 ~ 50	51 ~ 75	76 ~ 100	101 ~ 150	> 150
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12. How

you observe the trend of restaurant business?

- (a) Increasing      (b) Decreasing      (c) Stable

13. Any suggestions to improve your business and employment?

**Working Environment** (observation):

14. Congestions & safety

	2. Kitchen			Customer Service Area		
<u>(a) No. of workers</u>						
<u>(b) Space area</u>	<i>Sq. Ft.</i>			<i>(a) Table</i>		
<u>(c) Cleanliness</u>	1. Excellent	2. Sufficient	3. Poor	1. Excellent	2. Sufficient	3. Poor
<u>(d) Safety</u>	1. Excellent	2. Sufficient	3. Poor	1. Excellent	2. Sufficient	3. Poor
<u>(e) Ventilation</u>	1. Excellent	2. Sufficient	3. Poor	1. Excellent	2. Sufficient	3. Poor
<u>(f) Light</u>	1. Excellent	2. Sufficient	3. Poor	1. Excellent	2. Sufficient	3. Poor
<u>(g) Noise</u>	1. Low	2. Moderate	3. High	1. Low	2. Moderate	3. High
<u>(h) Heat</u>	1. Low	2. Moderate	3. High	1. Low	2. Moderate	3. High
<u>(i) Health Hazard</u>	1. Low	2. Moderate	3. High	1. Low	2. Moderate	3. High

## Annex 3

### SURVEY SHEET- 2

Basic Information

No. /
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**1. Occupation:**

- (a) Cook                      (b) Kitchen helper                      (c) Waiter                      (d) Dish Washer  
 (e) Artist                      (f) Guard                      (g) Others\_\_\_

**2. Age:**

- (a) 5~13 yrs.    (b) 14~17 yrs.    (c) 18~30 yrs.    (d) 31~45 yrs.    (e) 46~60 yrs.    (f) 61& over

**3. Sex:** (a) Male (b) Female

**4. Marital Status:** (a) Single (b) Married

**5. Migrated from:** \_\_\_\_\_ District

**6. Caste/Ethnic group:**

- (a) Bahun/ Chhetri    (b) Newar                      (c) Magar/ Tamang/ Gurung/ Rai (*Janjati*)  
 (d) Thakali                      (e) Sherpa (*Bhote*)                      (f) Tharu                      (g) Muslim  
 (h) Damai/Kami (*Deprived*)                      (i) Indian (*Bihari/UP*)                      (j) Others \_\_\_\_\_

**7. Education:**

- (a) No education    (b) Ordinary literate    (c) School                      (d) SLC pass  
 (e) Graduate

**8. Skill Training:**

- (a) Yes                      (b) No

*Work & Remuneration*

**9. Working in this restaurant from:**

- (a) 1~6 months    (b) 6 mths. ~1 yr    (c) 1~5 yrs    (d) 5 yrs & above

**10. Working in this profession since:**

- (a) 1~6 months    (b) 6 mths. ~1 yrs    (c) 1~5 yrs    (d) 6 ~ 10 yrs (e) 10 yrs. & above

**11. Getting this job:**

- (a) Regularly    (b) Most of the time    (c) Only sometimes

**12. Job agreement/contract:**

- (a) Verbal    (b) Formal contract    (c) Others

**13. Usual monthly income:**

- (a) < Rs. 500                      (b) Rs. 501~1000                      (c) Rs. 1001 ~ 1500  
 (d) Rs. 1501~3000,                      (e) Rs. 3001 ~ 5000                      (f) Rs. 5000 & above

**14. Usual working hours/day :** \_\_\_\_\_ (From \_\_\_\_\_ to \_\_\_\_\_) **15. Rest hours:** \_\_\_\_\_

**16. Usual working days/week:** \_\_\_\_\_

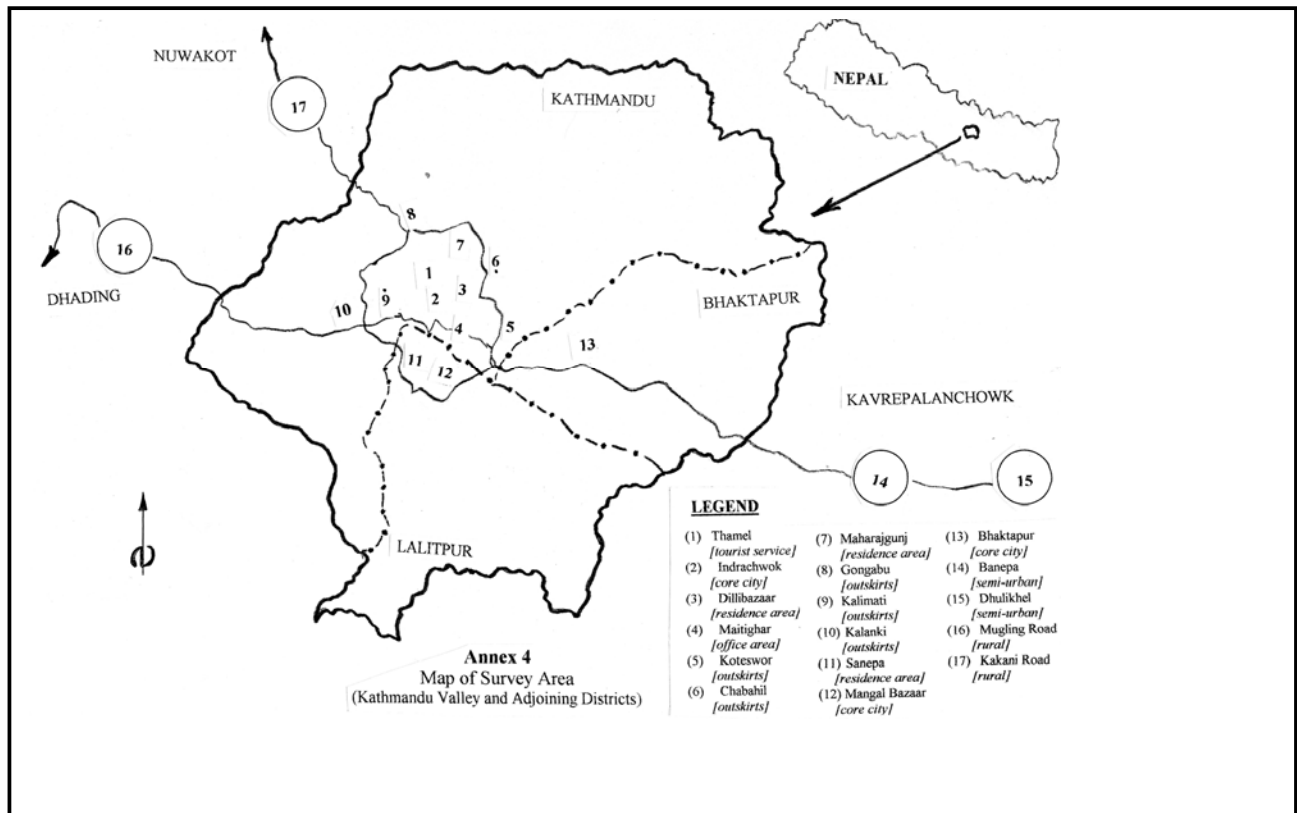
**17. Off day(s):** 1/2/3/4/5/6/7

**Facilities And Incentives**

**18. Existing Facilities**

	1. YES	2. NO		1. YES	2. NO
a. Housing			g. Bonus		
b. Medical facilities			h. Skill training		
c. Maternity services			i. Provident fund		
d. Education			j. Advance/loan facilities		
e. Leave			k.		
f. Retention when no work			l.		

## Annex 4 Survey Map



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