

A Glance at Labour Force & Employment in Nepal

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Nepal is primarily agricultural country with majority of working population in farming. Out of a 23 million population, in accordance with the National Labour Force Survey 1998/99, altogether 11.2 million people both minors and adults fall under the broad periphery of labour force because of being in the active age above 15 years. Out of this number, 9.6 millions have been found in the active labour market where 9.4 million is currently employed. In addition to this active and employed labour force, 2.6 million child workers have also become a part of the labour market though fluctuating in between 2.0 – 2.6 million out of a 4.9 million child population in the age group 5-14 years.

The labour force participation rate is 72.3 % - below 15 to be 40.9 % and above 15 to be 85.8 %. Altogether 7.2 millions are in agricultural employment, overwhelming majority of which is in subsistence agriculture. In percentage, agriculture covers 76% of the workforce

The overall picture of employment is presented in table 1.

Table 1: Industrial distribution of Labour force aged 15 + (in ' 000)

Industry	Total		Rural			Urban			
	Both	Male Female	Both	Male Female	Both	Male Female	Both	Male Female	
Agriculture & Forestry	7190	4736	4727	6799	3006	3792	391	157	234
Manufacturing	553	366	186	425	285	140	128	81	46
Trade	408	283	125	262	180	82	146	103	43
Construction	344	292	52	301	255	46	43	37	6
Transport, Storage & Communication	135	130	5	93	90	3	42	39	3
Hotel & Restaurant	114	62	52	70	38	32	44	25	19
Education	164	126	38	125	102	23	39	24	15

Industry	Total			Rural			Urban		
	Both	Male	Female	Both	Male	Female	Both	Male	Female
Pub. Adm. & Defence	70	64	6	39	37	2	31	27	4
Private Household work	289	80	209	253	72	181	36	8	28
Health & Social work	33	26	7	22	18	4	11	8	3
Elec. Gas & Water Supply	26	24	2	17	16	1	9	8	1
Financial Intermediation	19	17	2	8	8	0	11	9	2
Real Estate, Renting & Business	32	26	6	15	11	4	17	15	2
Others	86	75	11	62	57	5	23	17	6
Total	9463	4736	4727	8492	4176	4316	971	560	411

Source: Calculation based on census surveys and NLFs, 1998-99

Employment Structure

While reviewing the structure of employment, it is visible that 1.5 millions are regular paid employees in various sectors of work whereas unpaid family workers cover 4.1 millions and self employed workers excluding the unpaid family workers are 3.8 millions.

Table 2: Structure of employment of persons aged 15 +

Structure	Total	Male	Female
Total employed	9,463,000	4,736,000	4,727,000
Paid Employees	1,517,000(16.03%)	1,153,000(24.34%)	365,000(7.72%)
Government	245,000	212,000	33,000
Private Sector	385,000	311,000	75,000
Public Enterprises	70,000	60,000	10,000
NGO/ INGO's	26,000	21,000	5,000
Others	791,000	549,000	243,000
Self employed	3,819,000(40.35 %)	2,463,000(52.00 %)	1,355,000(28.66 %)
Agriculture	3,002,000	1,868,000	1,132,000
Non- agriculture	817,000	595,000	223,000
Unpaid family workers	4,100,000(43.32 %)	1,103,000(23.28 %)	2,997,000(63.40 %)

Source: Calculation based on census surveys and NLFs, 1998-99

However all irregular and casual wage workers of construction and agricultural sector including other informal employment have not been covered by the paid employees column of the table and are naturally under self employed work force.

Formal and informal sector employment

The National Labour Force Survey distinguishes informal sectors from agriculture and takes into account non-agri informal sectors only.

Table 3: Formal and informal Employment of the persons aged 15 + (by Sector)

Sector	Agriculture	Non-agriculture formal	Non-agriculture informal
Total	7,203,000 (76.12 %)	603,000 (6.37 %)	1,657,000 (17.51 %)
Male	3,176,000 (67.05 %)	509,000 (10.74 %)	1,052,000 (22.21 %)
Female	4,027,000 (85.20 %)	94,000 (2.00 %)	605,000 (12.80 %)

Source: NLFS, 1998-99

Altogether 73.3 per cent of non-agricultural employment is covered by informal sector. Similarly 67.4 per cent of the total male in non-agri employment and 86.5 per cent of the total female in non-agri employment are engaged in informal sector.

If we exclude the market agriculture force from total agriculture force and add it to formal sector to take it in a broader sense, the picture will be a little different. Thus if we add market agriculture to formal sector and the rest of agriculture to informal sector, the picture will be as follows:

Table 4: Formal & Informal Employment of persons aged 15+

Sector	Broad formal	Broad informal
Total	879,000 (9.28 %)	858,400 (90.78 %)
Male	655,000 (13.83 %)	4,082,000 (86.17 %)
Female	224,000 (4.73 %)	4,502,000 (95.27 %)

Source: Calculation based on NLFS, 1998-99

Moreover, more than 75,000 children aged 5- 14 (Boys 25,000 and Girls 53,000) have been found engaged in collecting firewood and equivalent number in fetching water (Boys 28,000 and Girls 50,000). Excluding these two activities, approximately 80,000 children are working in the informal sectors.

Dependency Ratio

Dependency ratio in case of Nepal is high in comparison to our neighbours. Declined youth dependency ratio and increased old age dependency ratio are the symptoms of improved socio-economic conditions and development. In this connection, the position of Nepal is weaker in comparison to India and Bangladesh.

Not only Total Dependency Ratio, but also the Economic Dependency Ratio, as the number of inactive persons per 100 economically active persons is high.

Table 5: Dependency ratio compared (World Labour Report 2000)

Country	Youth DR		Old Age DR		Total DR		Economic DR	
	1980	2000	1980	2000	1980	2000	1980	2000
Nepal	79.3	73.9	5.5	6.4	84.8	80.3	115	106
Bangladesh	91.1	56.9	6.8	5.2	97.9	62.2	112	89
India	67.2	54.0	7.1	8.1	74.2	62.0	129	125
China	59.4	36.3	7.9	10.0	67.4	46.4	82	67
Japan	34.9	21.7	13.4	25.0	48.4	46.8	104	86

Unemployment and underemployment rates

Underemployment is a very serious problem in Nepal - approximately 45 % of total man-days. According to NLFS, too, underemployment as the percentage of labour force is 4.1 - 4.8 per cent in urban and 4.0 per cent in rural areas.

Unemployment is equally serious and more intensifying problem in a relaxed type of definition covering various activities and broadening the definition of "work" NLFS has estimated unemployed person to be 178,000 i.e. 1.8 per cent (2.0 % males & 1.7 % females) Since fetching water and collecting firewood have been included under productive work, the rate has become lower.

Because of differences in definition, the earlier figures of unemployment cannot be compared with NLFS figure. Still we can put together the figures of NLFS & NLSS in a table to assess the range.

Table 6: Unemployment rates by age group (in percent)

Age group	Total		Urban		Rural		Both sex	
	Male	Female	Male	Female	Male	Female	NLFS	NLSS
15 – 19	3.3	1.5	9.2	10.4	2.7	0.7	2.4	7.3
20 – 24	4.7	2.8	13.2	14.8	3.3	1.4	3.6	
25 – 29	2.6	2.5	5.7	14.5	2.1	1.1	2.6	4.0
30 – 44	1.5	1.7	4.0	8.2	1.0	0.9	1.6	
45 – 59	0.8	0.5	3.3	3.2	0.4	0.3	0.7	2.9
60 +	0.3	0.8	1.4	0.9	0.2	0.8	0.5	1.3
For all ages							1.8	4.9

Child Labour in wage employment

Total No. of children in the age group 5- 14 is 4,860,000 of which 68 % from 5- 9 age group and 74 % from 10 –14 age group attend school. If we view it sex-wise 78 % boys, 60 % of girls have been found attending school. Altogether 87 % of the children in urban areas and 69 % in rural areas go to school.

Though the school enrolment is not so low, but drops out are high mostly in rural areas. Labour force participation rate is high among the children i.e. 40.9 % for the age group 5 – 14 - for boys is 36.8% and for girls 45.1% (the LF for the age group 5-9 is 20.9 – for boys it is 18.3 and for girls 23.6). If we compare the labour force participation rate of the children in 10 – 14 age group, the picture is as given below:

Table 7: LFPR in comparison, 2000 (Age group 10 – 14)

World	=	11.3
LDCs	=	31.6
China	=	7.9
Bangladesh	=	27.7
India	=	12.1
Pakistan	=	15.4
Sri Lanka	=	2.0
Nepal	=	38.6
Developed Countries	=	0.0

Out of the total 4.86 million children in the age group 5-14, approximately 2.6 million children are economically active. Out of this

number, 19,87,000 i.e.40.9 per cent of the total child population in 5-14 age group has been found employed in one way or the other.

Among the employed 19, 87,000, sectoral distribution shows that 89.68% are in agriculture definitely in subsistence agriculture, most of them as unpaid family workers or attached labour to their parents. Attached labour to their parents has been working under some sort of bondages also. Children in domestic service have been flowing towards urban centres and most of them have been subject to various kinds of bondages.

Table 8: Sectoral Distribution of Children at Work

Sector	Male	Female	Both Sex
Agriculture	804,000	921,000	1782,000
Domestic service	58,000	107,000	165,000
Wholesale & Retail Trade	17,000	12,000	29,000
Manufacturing	11,000	16,000	27,000
Hotel & Restaurant	9,000	7,000	16,000
Construction	7,000	3,000	10,000

Only 3 per cent of children seem to be at a glance in wage job out of the total economically active children. It shows that the number of unpaid family workers is very high. This 3% covers those children who are fully employed and are deprived of schooling. But a considerable part is also in the irregular wage job. Major part of agricultural child labour is unpaid family workers, but there are also paid cattle herders. In domestic service, most of them are paid though it may be very low. In other sectors, too, most of the child workers are paid whether it is hotel & restaurant or construction or manufacturing or retail trade. In addition to it, there are children in transportation and also working as porters. The children under bondage whether under newly banned Kamaiya system or other forms in rural areas or under different sectors of work in the informal employment in urban areas are also under the group of wage paid children.

Therefore, the number of children on wage labour cannot be underestimated to be limited to just 3 per cent, it may go as high as half a million, i.e. one fourth of the total working children.