

# NEPAL

South Asia

Lower-middle-income country

Overall Score  
2020: -  
2022: 72  
2024: 64.5



Score worsened

LRI RATING Limited Access to Decent Work



0 - 50	50.5 - 60	60.5 - 70	70.5 - 80	80.5 - 90	90.5 - 100
TOTAL LACK OF ACCESS TO DECENT WORK	BASIC ACCESS TO DECENT WORK	LIMITED ACCESS TO DECENT WORK	REASONABLE ACCESS TO DECENT WORK	APPROACHING ACCESS TO DECENT WORK	ACCESS TO DECENT WORK

The country rating is based on the overall score of 0-100, with the following coding: The overall score ranges from 0 to 100, where 100 signifies the highest possible score and 0 signifies the lowest possible score. The score indicates "access to decent work" by law.

## Contextual Indicators

Population (2022)	30.55 M	Total Fertility (rate) (2022)	2.01	Female Labour Force <sup>d</sup> (2024)	A : 3.43 M	B : 29% (participation rate)
Labour Force (2024)	9.08 M	Trade Union (density) (2018)	30%	Non-Standard Employment <sup>5</sup>	A : 31% (part-time employment) <sup>1</sup> (2017)	B : 86% (temporary employment) <sup>1</sup> (2017)
GDP per Capita (2022)	\$1,337	Collective Bargaining (coverage)	No Data	Work Injuries <sup>6</sup> (per 100,000 workers)	A : No Data (fatal)	B : No Data (non-fatal)
Poverty Headcount <sup>1</sup> (2010)	25%	Social Protection <sup>3</sup> (coverage) (2022)	21%	Minimum Wage <sup>7</sup> (April 2024)	NPR	17,300
Informal Employment <sup>2</sup> (2017)	82%	Workers per Labour Inspector <sup>8</sup> (2023)	825,795	Living Wage <sup>9</sup> (April 2024)	NPR	34,916

Sources: World Bank | International Labour Organization | WageIndicator Minimum Wages and Living Wages Database | M = Million  
GDP per Capita in USD (\$) | wages shown in local currency and per month

## At a glance

For Nepal, the labour legislation applicable at the national level is analysed and scored. Different rules may apply in other jurisdictions, necessitating review of other sources.

Following this approach, Nepal's overall score is 64.5 out of 100. The overall score for Nepal is greater than the regional average observed across South Asia (57). Within the South Asian region, the highest score is observed for India (65).

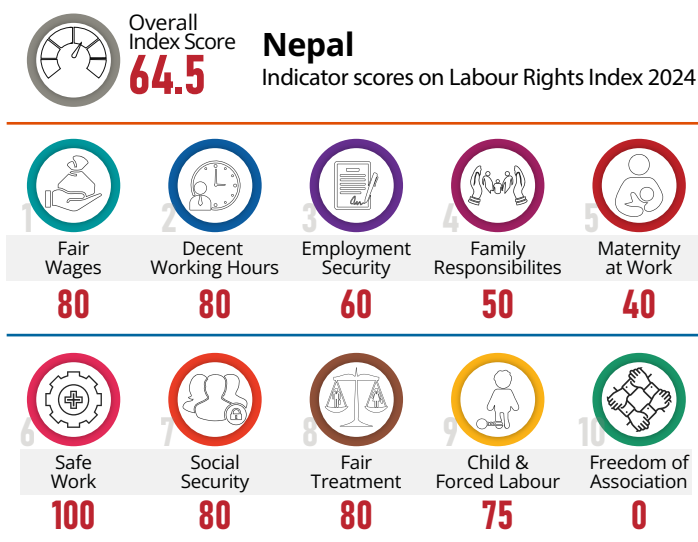
Nepal's overall score decreased due to negative adjustments in the Child and Forced Labour and Freedom of Association Indicators. The minimum age for hazardous work is 17 (instead of 18), and the law requires unions to represent at least 25% of workers to be recognized for collective bargaining purposes. Additionally, there are civil and penal sanctions on strikes.

The country scores on the Labour Rights Index must be interpreted with caution, considering also the contextual indicators like the size of the population and labour force, informal employment in the country, social protection coverage, level of economic development (as measured by GDP per capita), female labour force participation rate, incidence of non-standard employment in the form of part-time employment and temporary employment as well as work injuries, both fatal and non-fatal. Trade union density and collective bargaining coverage rates are also relevant contextual indicators to assess the state of freedom of association and collective bargaining in the country.

## About Labour Rights Index

The Labour Rights Index 2024 (LRI 2024) is a de-jure index covering 145 economies and structured around the working lifespan of a worker. In total, 46 questions or evaluation criteria are scored across 10 indicators. The overall score is calculated by taking the average of each indicator, with 100 being the highest possible score. The Index uses a rating system, ranging from "Total Lack of Access to Decent Work" to "Access to Decent Work". The Labour Rights Index aims at an active contribution to the Sustainable Development Goals, by providing necessary (complementary) insights into de jure provisions on issues covered in particular by SDG 5 (Gender Equality), SDG 8 (Decent Jobs), SDG 10 (Reduced Inequalities) and SDG 16 (Strong Institutions). The Labour Rights Index scores countries based on applicable labour laws only. It does not comment on actual working conditions or labour law compliance in workplaces. The legislation that is used to score the country under the Labour Rights Index is generally national or federal level legislation. In cases where the legislation is enacted at the provincial/regional or state level, the Index analyses the labour legislation applicable to the most populous province/region or state (in federal, confederal or other complex structure states). Scoring for each country is based on labour legislation, as applicable on 1 January 2024.

\*Please check page 4 of the country profile for explanatory end notes.








For each indicator, the score ranges from 0 to 100, where 100 signifies the highest possible score and 0 signifies the lowest score. The overall score is the average of 10 indicators.

In order to measure the trend in country's legislative performance over the last edition of the Labour Rights Index (2022), the opposite legend is used.

 Score increase  Score decrease  Score adjustment  Methodological change  No change






## 1. FAIR WAGES 80

QUESTION	ANSWER	LEGAL BASIS	TREND
Does the legislation or collective negotiation set and determine the minimum wages in the country?	Yes	\$88, 94 (a), 106-107, and 163 of the Labour Act, 2017	
Does the law require regular and timely payment of wages?	Yes	\$2, 34-35, 38 and 148 of the Labour Act, 2017	
Does the law require overtime compensation to be at least 125% of the regular hourly rate?	Yes	\$29, 30 and 31 of the Nepal Labour Act, 2017	
Does the law require any additional compensation for working on a weekly rest day?	Yes	\$31 and 42 of the Labour Act, 2017	
Does the law require additional compensation for night work?	No	No applicable legal provisions could be located	





## 2. DECENT WORKING HOURS 80

Does the law stipulate general weekly working hours as 48 hours or lower?	Yes	\$28 and 30 of the Labour Act, 2017; \$9 of the Child Labour (Prohibition and Regulation) Act, 2000	
Does the law restrict maximum working hours, including overtime, to 56 hours per week?	No	\$30 of the Labour Act, 2017	
Does the law require a paid weekly rest of at least 24 consecutive hours?	Yes	\$28, 40, and 42 of the Nepal Labour Act 2017	
Does the law require paid public holidays?	Yes	\$41 of the Labour Act, 2017; Section 69 of Nepali Gazette, 2077	
Does the law require at least three working weeks of paid annual leave?	Yes	\$43 & 49 of the Labour Act, 2017	

## 3. EMPLOYMENT SECURITY 60

Does the law require a written employment contract or employment particulars to be given to a worker on commencement of employment?	Yes	\$2, 11, 12, 108 (bylaws), and 150 of the Labour Act, 2017; Rule 4 of the Nepal Labour Rules, 2018	
Does the law restrict the hiring of fixed-term contract workers?	No	\$10(1-5) of the Labour Act, 2017; \$2 of the Labour Rules, 2018	
Does the law limit the length of the probation period, including renewals, to three months?	No	\$13 and 18(4) of the Labour Act, 2017	
Does the law require a 30-day notice period before employment contract termination?	Yes	\$141-148 of the Labour Act, 2017	
Does the law require severance pay at the rate of at least two weeks of wages for every year of service?	Yes	\$49, 52, 53, 145(7) and 148 of the Labour Act, 2017; Rule 23-24 of the Labour Rules, 2018	

## 4. FAMILY RESPONSIBILITIES 50

Does the law require a four-month parental leave for parents?	No	\$13 of the Right to Safe Motherhood and Reproductive health, 2018	
Does the law require at least one week of paid paternity leave for fathers?	Yes	\$45(6, 7) of the Labour Act, 2017	
Does the law require flexible working arrangements for workers with family responsibilities?	No	\$19 of the Labour Act, 2017	
Does the law require paid nursing breaks?	Yes	\$13(3) of the Right to Safe Motherhood and Reproductive Health Act, 2018 (2075); \$17 of the Labour Rules, 2018	

In order to measure the trend in country's legislative performance over the last edition of the Labour Rights Index (2022), the opposite legend is used.

● Score increase ● Score decrease ● Score adjustment ● Methodological change ○ No change

## 5. MATERNITY AT WORK

40

QUESTION	ANSWER	LEGAL BASIS	TREND
Does the law prohibit inquiring about pregnancy during recruitment?	No	No applicable legal prohibitions could be located	○
Does the law require maternity leave of at least 14 weeks?	Yes	\$45 of the Labour Act, 2017; \$13 and 14 of the Right to Safe Motherhood and Reproductive health, 2018	○
Does the law require cash maternity benefits to be at least two-thirds (66.67%) of a worker's former wage?	No	\$45 & 47 of the Labour Act, 2017; \$7(2) of the Social Security Scheme Operating Procedure 2018	○
Does the law require cash maternity benefits to be paid through a contributory social insurance or a universal benefits system or such benefits are an employer's liability?	Yes	\$45 & 47 of the Labour Act, 2017; \$7(2) of the Social Security Scheme Operating Procedure 2018	○
Does the law protect workers from dismissals during or on account of pregnancy?	No	\$7 of the Right to Employment Act, 2018	○

## 6. SAFE WORK

100

Does the law require employers to provide free personal protective equipment to workers?	Yes	\$69 and 72-76 of the Labour Act, 2017; Rule 34, 35 and 39 of the Nepal Labour Rules, 2018	○
Does the law require employers to train workers on health and safety issues?	Yes	\$69 of the Labour Act 2017; \$39 of the Labour Rules 2018	○
Does the law restrict work that is prejudicial to the health of the mother or the child?	Yes	\$6(2b), 33, and 81 of the Labour Act, 2017	○
Does the law provide for employment injury benefits in the event of an occupational accident or disease?	Yes	\$55 and 56 of the Labour Act, 2017; Chap. 3 of of the Social Security Scheme Operating Procedure, 2018	○

## 7. SOCIAL SECURITY

80

Does the law provide for an old age benefit?	Yes	\$52 & 147 of the Labour Act, 2017; Chap. 5 of of the Social Security Scheme Operating Procedure, 2018	○
Does the law provide for survivors' benefits?	Yes	\$52 and 55 of the Labour Act 2017; Chap. 4 of of the Social Security Scheme Operating Procedure, 2018	○
Does the law provide for unemployment benefits?	Yes	\$22(1, 2) of the Right to Employment Act, 2018	○
Does the law require paid sick leave (and sickness benefits) for the first six months of sickness?	No	\$44 of the Labour Act, 2017; ISSA Country Profile for Nepal	○
Does the law provide for invalidity benefits?	Yes	\$52 and 55(3) of Labour Act, 2017; Chap. 3 of of the Social Security Scheme Operating Procedure, 2018	○

## 8. FAIR TREATMENT

80

Does the law require equal remuneration for men and women workers for work of equal value?	Yes	\$18(4) of the Nepal's Constitution, 2015; \$7(1) of the Labour Act, 2017	○
Does the law prohibit sexual harassment in employment?	Yes	\$132 of the Labour Act 2017; \$4, 5, 12, and 13 of the Sexual Harassment at Workplace Act, 2014	○
Does the law prohibit discrimination in employment matters? <sup>10</sup>	No	\$18(1, 2, 3) of the Nepal's Constitution of 2015; \$6(1) of the Labour Act 2017	○
Does the law allow women to do the same job as men?	Yes	\$38(5) of the Constitution, 2015; \$4 of Right to Employment Act, 2018; \$91 of National Civil Code Act, 2017	○
Does the law guarantee basic labour protection to the platform workers?	Yes	\$5 & 10 of the Contribution based Social Security Act, 2017	○

## 9. CHILD AND FORCED LABOUR

75

QUESTION	ANSWER	LEGAL BASIS	TREND <sup>12</sup>
Does the law prohibit the employment of children?	Yes	\$5 of Labour Act 2017; \$3, 6, 7, 8 of the Child Labour (Prohibition and Regulation) Act 2000	<input type="radio"/>
Does the law set employment entry age equal to or higher than the compulsory schooling age?	Yes	\$31 of the Constitution, 2015; Section 6 of the Free and Compulsory Education Act, 2018	<input type="radio"/>
Does the law prohibit the employment of young persons in hazardous work under the age of 18 years?	No	\$1, 3, 7 and 9 of the Child Labour (Prohibition and Regulation) Act, 2000	<input checked="" type="radio"/>
Does the law prohibit forced labour?	Yes	\$4 and 164 of Labour Act 2017; \$3 (2) and 4, Child Labour (Prohibition and Regulation) Act, 2000;	<input type="radio"/>

## 10. FREEDOM OF ASSOCIATION<sup>11</sup>

0

Does the law allow workers to form and join unions of their own choice?	No	\$3(4) & 7(b) of the Trade Unions Act, 2049 (1992); ITUC Global Rights Index 2024 (Nepal Profile); USDOS CRHRP 2023	<input checked="" type="radio"/>
Does the law allow workers to bargain collectively with employers through their representative unions?	No	\$116 of the Labour Act 2017; USDOS CRHRP 2023 (Nepal)	<input type="radio"/>
Does the law provide the right to strike?	No	ITUC Global Rights Index 2024 Nepal Profile; USDOS CRHRP 2023 (Nepal)	<input type="radio"/>
Does the law prohibit imposing excessive sanctions against striking workers, including replacement of such workers?	No	\$4 of the Essential Services Mobilisation Act, 2014 (1957); \$126 of the Labour Act 2017; ITUC Global Rights Index 2024 (Nepal Profile); USDOS CRHRP 2023 (Nepal)	<input checked="" type="radio"/>

<sup>1</sup> Proportion of population living below the national poverty line (%), as measured under the SDG 1.2.1

<sup>2</sup> Share of informal employment in total employment (%), as measured under the SDG 8.3.1

<sup>3</sup> Proportion of the country population covered by social protection floors, as measured under the SDG 1.3.1

<sup>4</sup> The female labour force is shown in absolute number (A) along with the female labour force participation rate (B)

<sup>5</sup> Non-Standard Employment has been defined as part-time employment (A) and temporary employment (B)

<sup>6</sup> Rate of fatal (A) and non-fatal work injuries (B) per 100,000 workers, as measured under the SDG 8.8.1

<sup>7</sup> Minimum Wage and Living Wage amounts are shown in local currency. The amounts are retrieved from the WageIndicator Minimum Wage Database and the WageIndicator Living Wage Database. The minimum wage amounts are those as were applicable on 1 April 2024. The Living Wage amounts are from the April 2024 data release by the WageIndicator. Given the declining share of labour income (a widely used measure of inequality, measuring the proportion of total income in a country that employed people earn by working), the contextual indicators on minimum wage and living wage are relevant.

<sup>8</sup> Robust legislation, backed by effective enforcement, forms the foundation for achieving decent work in practice. In this regard, it is relevant to see if the country has an adequate number of labour inspectors. While the Labour Inspection Convention, 1947 (No. 81) calls for a "sufficient number" of inspectors to do the work required, there is currently no official definition for a sufficient number of inspectors. In its 2006 General Survey on Labour Inspection, the ILO referred to the following benchmarks on the number of labour inspectors in the country in relation to the labour force: 1:10,000 in industrial market economies, 1:15,000 in rapidly industrializing economies, 1:20,000 in transition economies, and 1:40,000 in less developed countries. The latest guidance from the ILO (2022) however emphasizes a more holistic evaluation of national context rather than solely a ratio of labour inspectors to the size of labour force.

<sup>9</sup> The Living Wage estimates shown in this country profile are for a typical family (lower bound) that comprises two adults. The number of children is determined by the country-specific fertility rate, representing the average number of children in a family. One adult is engaged for 100% of normal working hours, while the working hours of the second adult are approximated based on the national labour force participation rate. The combined wage earned by two adults, each receiving a living wage, is designed to meet the requirements for achieving a decent standard of living for the family. For further details on this, please check here: <https://wageindicator.org/salary/living-wage>

<sup>10</sup> The prohibited grounds for discrimination are "race, colour, sex, religion, political opinion, national extraction or social origin, age, disability and trade union membership". A score of 1 is assigned only if a country has prohibited discrimination on at least 7 of the above 10 grounds.

<sup>11</sup> The Freedom of Association indicator of the Labour Rights Index uses Observations/Direct Requests from the ILO Committee of Experts on Application of Conventions and Recommendations (CEACR), the US Department of State's Country Reports on Human Rights Practices (USDOS CRHRP) and the country's legal profiles under the ITUC Global Rights Index 2024 to measure a country's compliance with the right to freedom of association and collective bargaining. A country's score on the LRI's Freedom of Association indicator must also be read together with the SDG indicator 8.8.2, which measures the level of national compliance with labour rights (freedom of association and collective bargaining) based on ILO textual sources and national legislation. It has a range from 0 to 10, with 0 being the best possible score (indicating higher levels of compliance with FACB rights) and 10 the worst (indicating lower levels of compliance with FACB rights). The score for Nepal on the latest available data of the SDG 8.8.2 is "3.95" (2022). Other than SDG 8.8.2, we suggest considering the country's score on ITUC's latest Global Rights Index. The score for Nepal in 2024 is "3". As explained by the ITUC, "Countries are rated in clusters from 1-5+ depending on their compliance with collective labour rights, with 1 being the best rating and 5+ the worst rating a country could get. A high-rated cluster means that workers in the country have no right to their collective voice due to government failure to guarantee rights".

<sup>12</sup> In order to measure the trend in country's legislative performance over the last edition of the Labour Rights Index (2022), the legislative table indicates improvement or worsening of de-jure labour rights in country through the following colours.

☒ Score improved due to a positive legislative reform

☐ Score worsened due to a negative legislative reform

☐ Score is adjusted for the country due to a minor revision in the methodology for the Social Security indicator

☒ Score is adjusted for the country due to better access to the country's legal sources, or where the score for the Freedom of Association indicator is adjusted based on the latest reports from ILO, USDOS & ITUC Global Rights Index 2024

☐ No change