

Nepal's Gig Economy and its Implication

on Labor Participation and Income Distribution

Emerging
Trends *in*

APO Members

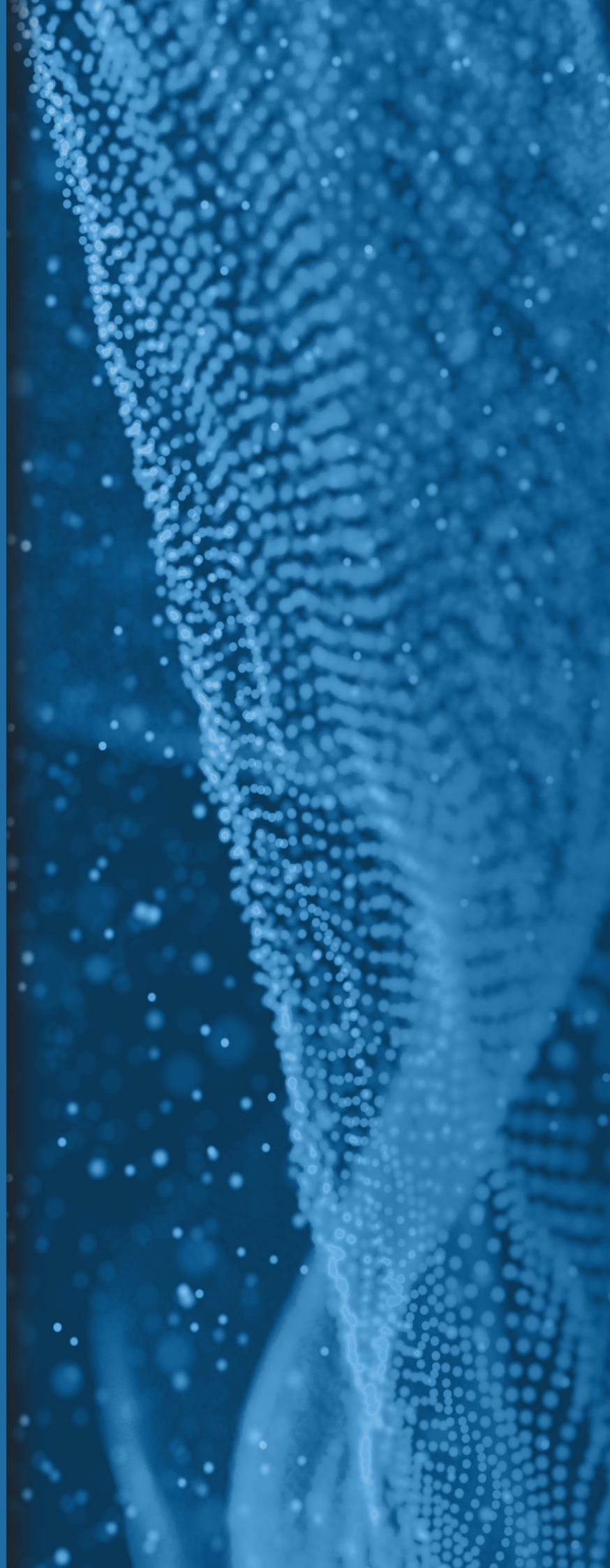
Asian Productivity Organization



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EMERGING TRENDS IN APO MEMBERS:

NEPAL'S GIG ECONOMY AND ITS IMPLICATION ON LABOR PARTICIPATION AND INCOME DISTRIBUTION

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AND INCOME DISTRIBUTION

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CONTENTS

PREFACE	iv
NEPAL'S GIG ECONOMY AND ITS IMPLICATION ON LABOR PARTICIPATION AND INCOME DISTRIBUTION	1
Abstract	1
Introduction	1
Background	1
Scope of Work	3
Existing Policies and Legal Documents	3
Methodology	4
Policy Implication and Expected Outcome	4
Literature Review	4
Gig Economy in Nepal	6
Global Trend	6
Neighboring Countries and South Asia	7
Nepal's Gig Economy	8
Impact of Gig Economy on Income Distribution and Labor Participation	9
Conclusion	10
REFERENCES	11
LIST OF FIGURES	13

PREFACE

This publication on *Emerging Trends in APO Members* is aimed at enabling better navigation of the volatility, uncertainty, complexity, and ambiguity (VUCA) landscape. In today's turbulent, unpredictable world, the APO adopts a country-specific approach to understand and analyze emerging trends and driving forces that will have significant effects on member economies in terms of productivity and competitiveness. This series of reports introduces several emerging trends with the potential to disrupt and transform markets, governments, and society now and in the near future. It is hoped that through these publications analyzing those impactful trends, governments, policymakers, and ordinary citizens from all walks of life will be able to harness those driving forces while coping with critical uncertainties.

Recommended approaches and methods to address the challenges ahead include political, economic, social, technological, legal, and environmental perspectives. Being future-ready requires such a comprehensive approach to informed decision-making by governments, enterprises, and individuals in the fast-changing environment in the Asia-Pacific region. For the APO, it is all about early identification of issues and prospects, which requires strengthening its role as a think tank and regional adviser on productivity in the region.

The APO thanks all contributors to the report. We hope that it will benefit those seeking to improve productivity and quality of life brought about by emerging trends in a rapidly changing world.

NEPAL'S GIG ECONOMY AND ITS IMPLICATION ON LABOR PARTICIPATION AND INCOME DISTRIBUTION

Abstract

The rapid rise of online communication platforms, including social media, coupled with swift technological development and the availability of cheap labor, has fueled the growth of the gig economy. Mainly characterized by short-term, flexible employment opportunities, the gig economy is a labor market that thrives on temporary work arrangements and independent contracting, often facilitated through digital platforms. This emerging employment model is reshaping traditional notions of employment by using the technological platform to connect job seekers with employers across geographical boundaries. The gig economy, prevalent in sectors, such as freelancing, food delivery, medicinal home deliveries, online teaching, and ride-sharing, offers flexible work arrangements that have proven crucial during the COVID-19 pandemic. In Nepal, the gig economy has experienced significant growth, contributing to the country's GDP and providing employment while addressing the unemployment issues in the country. However, the lack of clear legal frameworks, social protections, and employment security poses challenges for employers as well as gig workers. As Nepal faces challenges in the form of demographic shifts and rising employment demands, the gig economy presents a unique opportunity to integrate youth and marginalized groups into the labor force. This study explores the socioeconomic landscape of Nepal's gig economy, highlighting both opportunities and challenges while emphasizing the need for regulatory measures to ensure a balanced labor market and equitable income distribution.

Introduction

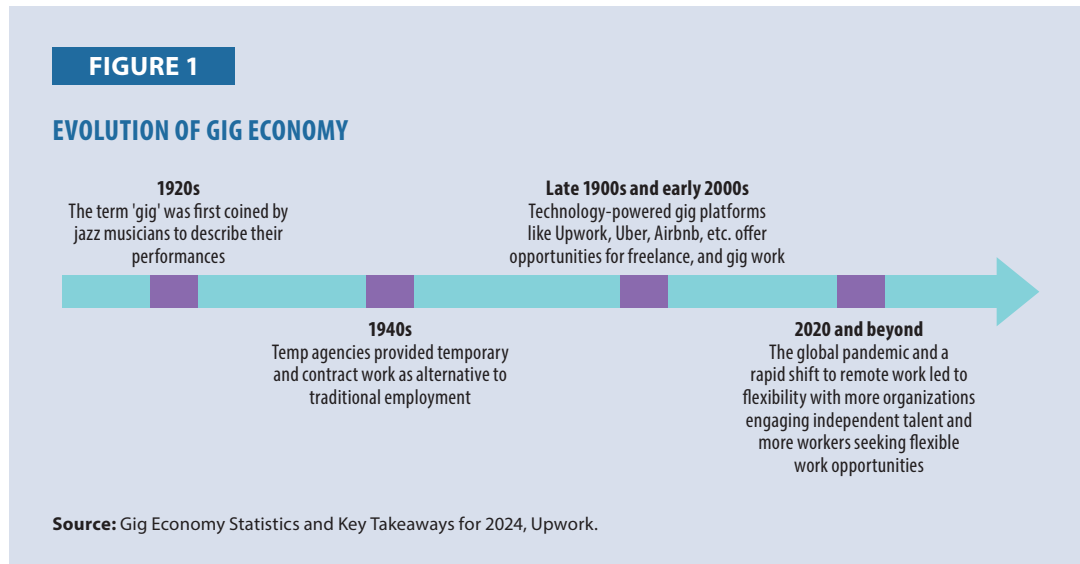
Background

The intensifying pervasiveness of online communication platforms has precipitated the emergence of a new economic paradigm, characterized by diverse forms of momentary employment, commonly referred to as the gig economy [1].

The rapid expansion of the gig economy, which is characterized by short-term, flexible employment opportunities, is reshaping traditional employment models. Technological infrastructure has played a major role in spreading the gig economy across different regions, sectors, and professions. As the gig economy continues to grow globally, it becomes essential to understand and analyze its impact on individual lives to formulate and implement policies that ensure a healthy labor market [2].

The convergence of technology, cheap labor, and a growing entrepreneurial spirit has driven the growth of the gig economy. Digital platforms enable workers to connect across geographical boundaries, which has resulted in raising productivity, optimizing employment, and income distribution. Gig economy is therefore considered as an informal labor market facilitated by digital platforms, offering temporary and flexible jobs. Gig work is typically short-term, ad hoc, and project-based. Smartphones have further enabled gig workers to find jobs instantly in real time [3].

The gig economy experienced a significant rise in 2020 after the outbreak of COVID-19. As the pandemic confined people to their homes, remote work and online platforms became essential for buying goods and services, a trends that has continued. A survey conducted by APPJOBS, involving 1,400 workers from 58 countries, revealed substantial growth in certain sectors, like delivery services, consulting, freelancing, and online surveys. These sectors benefited from the global shift toward remote work and digital services. On the other hand, sectors that are reliant on face-to-face interactions suffered heavy losses due to mobility restrictions, strict social distancing measures, and a decline in travel.



The gig economy can also be traced back to the aftermath of the 2007/08 Great Financial Crisis, which left many people unemployed [4]. To address the demand of the market, firms introduced gig work and part-time job opportunities. The rise in unemployment forced people to seek temporary or part-time work, often referred to as “gig workers” or “freelancers”.

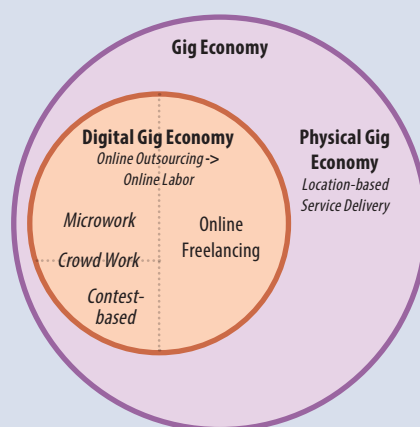
Over the last decade, Nepal’s gig economy has experienced significant growth. The gig economy primarily revolves around sectors, such as freelance work, transportation, food delivery, and various online platforms offering different services [5].

The growth of technological advancement, easy availability of cheap labor, and increasing entrepreneurial spirit have fueled the expansion of the gig economy. This has also enhanced productivity while optimizing employment and income distribution. This study, therefore, will focus on the labor participation through digital platforms, highlighting its contribution to increased labor productivity and per-capita income.

Online platforms are becoming increasingly common and are playing a major role in connecting workers with jobs around the world. It has been observed that the gig economy has spread rapidly across the United States of America (USA), Europe, the Middle East, Latin America, Asia, and Africa through popular online platforms, such as Amazon and Uber. This growing influence of online platforms, often referred to as the gig economy, has become a dominant economic model and is emerging pervasively all over the world while complementing globalization, with Nepal being no exception.

FIGURE 2

CATEGORIZATION OF GIG ECONOMY



Source: Heeks (2017).

In Nepal, the platform-based economy is relatively new. Some of the key platforms include Foodmandu (food delivery), Tootle and Pathao (ride-sharing), Khalti, iPay, and Esewa (online payments), Aayoexpress (on-demand delivery), and Chamkilo (laundry service). The gig economy in Nepal is evolving, providing numerous opportunities for Nepali people to earn income through flexible work. However, the country lacks clear legal policies, rules, and regulations to govern the gig economy and protect the rights of gig workers. This paper examines the current socioeconomic landscape of Nepal and its relevance to the gig economy. It also explores the challenges faced by gig workers, such as the lack of social security, social protections, job protection, and other benefits.

Scope of Work

The flourishing gig economy in Nepal presents a compelling opportunity for economic expansion and fostering an environment conducive to innovation. While its growth trajectory lags behind that of some developing nations, Nepal's gig landscape spans diverse sectors, including ride-hailing, delivery services, online freelance platforms, tourism, and event management. Furthermore, the gig economy offers various advantages, particularly for individuals seeking flexible work arrangements, autonomy, and the ability to supplement their source of income. Thus the gig economy can be viewed as a significant driver of economic growth and innovation in Nepal.

Existing Policies and Legal Documents

Nepal has not yet formulated specific policies or legal documents tailored to the gig economy. However, there are various laws and rules applied to gig workers, such as labor laws, taxation, social security and benefits, data protection, and consumer protection.

To address this gap, the government of Nepal has introduced the E-commerce Bill in 2023 and the House of Representatives' Industry, Commerce, Labor, and Consumer Welfare Committee has completed discussions on amendments to this bill. This legislation aims to establish a comprehensive legal framework for e-commerce activities in Nepal by outlining the rights and obligations of e-commerce platforms and consumers, thereby fostering clarity and accountability. It also focuses on safeguarding consumer rights by providing clear regulations for order confirmation, returns and refunds, product guarantees, secure payment options, and transparent delivery mechanisms. Moreover, the bill has also introduced registration and licensing requirements for online marketplaces, ensuring compliance with prescribed standards and enhancing accountability.

Methodology

This research employed a comprehensive literature review methodology. Data and information were gathered from a diverse range of credible sources within the government and public domain, including official reports, scholarly journals, industrial and commercial publications, and relevant journal articles sourced from reputable online platforms. This approach ensures a well-rounded understanding of the gig economy in Nepal.

Policy Implication and Expected Outcome

This study aims to significantly contribute to the understanding of Nepal's gig economy. By proposing supportive regulations, it will help sustain the gig economy and serve as a foundation for further research on gig economy in Nepal, addressing the increasing demand for flexible and temporary employment. The data and information gained from this study will also be useful to policymakers, businesses, and other related stakeholders to understand the evolving dynamics of the gig economy, particularly regarding labor participation and income distribution.

Literature Review

A few years ago, technological advancements were limited with restricted access to technology and wireless high-speed broadband. Today, exponential growth in connectivity has significantly lowered the cost of segmentation in production processes for many industries. One likely consequence of these declining costs is the rise of gig activities [6].

The growth of the gig economy reflects a shift in how workers perceive their employment. Instead of adhering to a conventional system where individuals work full-time for a single employer, some workers choose to enter the gig economy, attracted by the flexibility, freedom, and personal fulfillment it provides. Globally, the gig economy is a significant trend and this evolving sector has introduced a range of benefits and challenges. It has opened up new revenue streams and work opportunities that offer greater flexibility and freedom. However, as gig workers operate as freelancers, they often do not receive the benefits typically associated with traditional employment [7].

Recent trends show a growing number of workers leaving their full-time employment and find ways to make a living through gig work. Many prefer the freedom of gig work to avoid the hectic life restrictions, and bureaucracy of full-time employment jobs. It has also been observed in various past studies that gig workers can often earn as much as, or more than, traditional employees by working on their terms. The invention and improvement of technologies, digital platforms, and social media have facilitated gig workers by connecting them with customers or clients, thus providing new business opportunities [8].

The gig economy concept is often seen as a win-win situation for both freelancers and employers. Freelancers or independent workers can choose the jobs they are interested in while employers benefit from the flexibility and specialized skills that gig workers provide. This setup enhances work-life balance for freelancers as they are not constrained by organizational red tape rules and regulations [9].

In the context of the rapidly developing digital era, the gig economy has significant social and economical impacts. Socially, digitalization offers more flexibility and easier ways for people to interact with each other. Economically, digital platforms facilitate people to do online transactions more efficiently, providing greater flexibility and integration between businesses and people [10]. Therefore, the future of gig economy depends upon the technological development of the digital labor platform, restructured legislation, and the evolving nature of work and organizations. Technology drives changes in the labor market while policies play a crucial role in ensuring the sustainability of the system and protecting the involved parties.

The gig economy was already growing substantially before the COVID-19 pandemic, with an estimated increase of 67% up to 2021. The growth was fueled by digital platforms that provided new job opportunities with flexible working schedule across various industries, including ride-sharing,

delivery services, freelancing, and technology. The flexibility of gig work appealed to many individuals looking to supplement their income.

During the pandemic, remote work and gig employment gained prominence as people adapted to new ways of working. The gig economy emerged as a new option for both part-time and full-time freelancers with an estimated 66,509 individuals turning to gig work as their primary, secondary, or additional source of income. A 2021 study conducted by the Oxford Internet Institute found that there are at least 351 online gig platforms with over 163 million freelancers registered globally. The gig economy was valued at USD204 billion in 2018 and is projected to reach USD455 billion by 2023 [11].

As Nepal recovers from the pandemic, the gig economy is becoming a vital component of the labor market. The shift from traditional jobs to digital services and remote work continues, with many individuals embracing the flexibility and income opportunities that gig work offers, especially those affected by job losses or pay cuts during the economic downturn. Recognizing this shift, the government and policymakers are increasingly focused on formulating regulations to support the growing gig sector, concentrating on workers' rights and protections to enhance job security and stability. The pandemic has accelerated internet usage and digital skill development that opened up new avenues and opportunities for more individuals to participate in gig work.

Digital labor platforms have supported a wide range of tasks, from web-based to location- and app-based work. Schmidt categorizes these platforms into six types: (i) freelance marketplaces; (ii) microtasking crowd work; (iii) contest-based creative crowd work; (iv) accommodation; (v) transportation and delivery service; (vi) household services and personal services. The first three are known as "cloud work" or web-based digital tasks while the latter three are classified as location- and app-based gig work [12].

The gig economy has various advantages, including greater independence, variety, flexibility, and autonomy among workers. It allows them to have control over their jobs and explore new opportunities through acquiring new skill sets and knowledge. The gig economy has generated employment on a large scale by establishing a platform that connects individuals with new opportunities to leverage their unused skills and bridging the large employment gap. However, gig economy also presents some disadvantages, such as compliance issues. Such issues arise because gig economy has created job opportunities that do not fall neatly into traditional employment categories, leading to legal ambiguities and a lack of defined rights for gig workers, which raises questions about the legitimacy of this employment model. Another drawback of the gig economy is career management issues as gig workers engage in short-term relationships with employers, and they do not have a defined or definite career within the organization. Thus long-term career growth within an organization is absent. This often leads to gig workers facing issues regarding their identity and complications surrounding employment legislation [13].

Recent studies by Forbes and LinkedIn indicate that there is a rapid growth in the gig workforce, but the competition is also very high as the supply of workers surpasses demand. As a result, pay rates have decreased, and gig workers struggle to demand a reasonable and fair rate of payment as there are individuals willing to take on the same work for lesser pay. This causes frustration and dissatisfaction among workers.

Despite these challenges, increasing number of individuals continue to join the gig economy due to the autonomy, respect, and flexibility such jobs offer. Moreover, the advancement of technology, artificial intelligence, machine learning, and automation has further fueled the rise of the gig economy.

In Nepal, the gig economy is relatively new but has been expanding rapidly. It is the result of increasing internet penetration across the country. The rapid evolution of information and communication technology is shaping the future of global economies, and Nepal is not an exception. One of the most significant developments has been the role of digital platforms in accelerating the growth of gig economy. Even though the concept of gig economy is still relatively new, it has started to expand widely, particularly in urban areas where technological infrastructure is more developed [14].

The evolution of Nepal's gig economy was initiated in 2010 by Foodmandu, a meal delivery service. The first of its kind and is still operating, Foodmandu allowed users to order food from over 150 restaurants in Kathmandu and have it delivered to their doorsteps within 30 minutes to an hour. It challenged the conventional way of doing business in Nepal and laid the foundation for innovation, which further inspired the emergence of other platforms, like Khalti and Esewa that provide seamless and secure online payment solutions to both consumers and businesses. The gig economy then expanded into transportation with the introduction of ride-sharing platforms, like Tootle and Pathao. These ride sharing apps offered a flexible, convenient, and affordable alternative to traditional transportation methods, creating new income opportunities and contributing toward employment and economic growth of the country. They also addressed the inefficiencies of the public transportation system, particularly in the capital city of Nepal, Kathmandu, helping to solve public commuting issues [15].

In spite of the increasing labor participation in the gig economy, it remains in its infancy in Nepal. There is no clear legal framework to govern this new economic dynamic, specifically concerning the protection of gig workers' rights and well-being. This lack of legitimacy presents significant challenges, such as job insecurity and the absence of worker protections, making the gig economy unpredictable and difficult to manage [16]. Despite the luring freedom provided by the gig economy, with which labor-mediating platforms seek to mobilize supply, gig workers are subject to algorithmic management, questionable job security, and insufficient legal protection [17].

Nevertheless, the gig economy in Nepal presents substantial opportunities for economic growth. It offers flexibility, the potential for increased income, and opportunities for individuals to engage in diverse forms of work. As the sector continues to evolve, it will be crucial for stakeholders, including the government, businesses, and workers, to collaborate in creating a regulatory framework that supports the sustainable growth of the gig economy while ensuring adequate protection for workers.

Gig Economy in Nepal

Global Trend

In the wake of COVID-19, a significant portion of the workforce started seeking flexibility and work-life balance which prompted industries and companies to shift away from conventional working models toward alternatives that reduce operating costs while enhancing productivity and efficiency of the business. According to a World Bank press release in September 2023, about 12% of the total global labor markets is now fulfilled by the gig economy. This increase reflects workers' growing preference for short-term, flexible work arrangements over traditional working modality.

In the USA, the shift toward freelancing is even more distinct. A workforce study revealed that about 48% of American workers are currently engaged in freelance work. This figure is expected to rise significantly in the coming years, with projections estimating that 55% of the workforce will be freelancing by 2025 and an impressive 65% by 2028. In response to this sudden shift toward gig economy, businesses are also adapting to this trend. About 90% of firms are planning to increase their reliance on gig workers over the next five years as a strategic adaptation to changing demands of the workforce. The growing trend in gig economy is expected to play a crucial role in improving labor productivity, enhance efficiency, and solve unemployment issues.

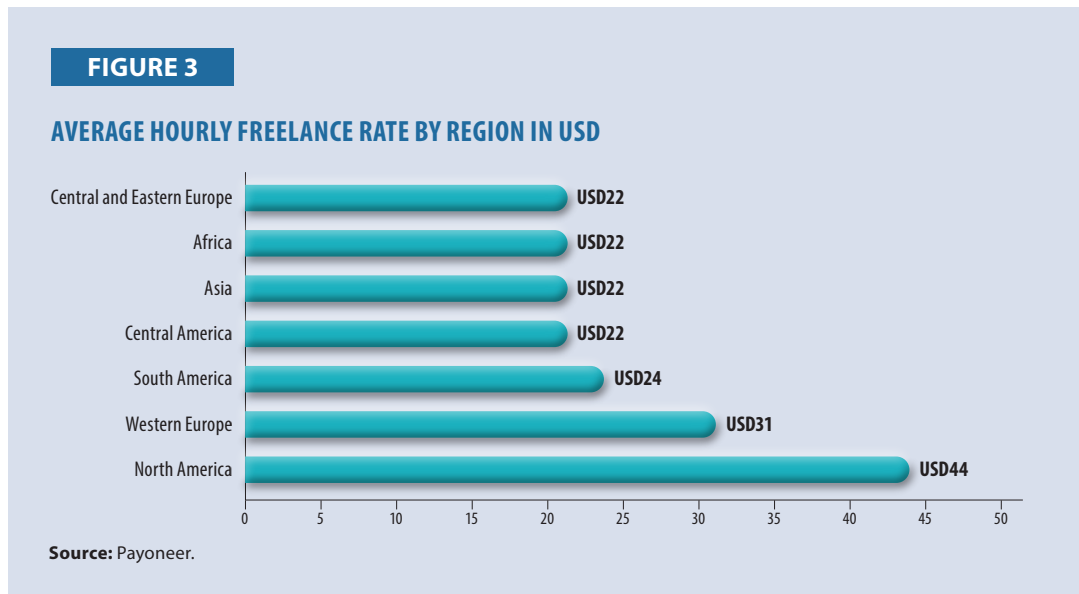


Figure 3 exhibits the average hourly freelance rate in U.S. dollars (USD) across various regions of the world. It reveals that rates are consistent across multiple regions, with Central and Eastern Europe, Africa, Asia, and Central America all having the same average rate of USD22 per hour. This figure also highlights considerably higher rates in more developed regions, with Western Europe and North America leading. North America has the highest rate at USD44 per hour. A gradual increase is observed, rising from USD22 in the aforementioned regions to USD24 in South America, USD31 in Western Europe, and reaching USD44 in North America. These figures clearly illustrate the economic differences and varying demand for freelance work by region.

American freelancers earn more per hour than those in other regions as they are hired by local employers paying higher rates. Freelancers in other regions have the opportunity to increase their earnings by enhancing and learning new skills, particularly in the fields of IT, coding, and programming.

The rise of the gig economy has boosted productivity by increasing labor force participation through digital platforms, driven by a growing number of tech-savvy, middle-class consumers [18].

Neighboring Countries and South Asia

In neighboring states and the South Asian region, India has emerged as a major player, becoming the fourth-largest GDP in the world. Approximately 7.7 million gig workers are engaged in India's gig economy, a number expected to expand to 23.5 million by the end of the decade. The market size of India's gig economy is projected to reach USD445 billion by 2023, which shows its substantial scale in comparison to Nepal. Moreover, according to NITI Aayog's report titled "India's Booming Gig and Platform Economy," the gig workforce in India is projected to grow to 23.5 million (2.35 crore) workers by the year 2029–30.

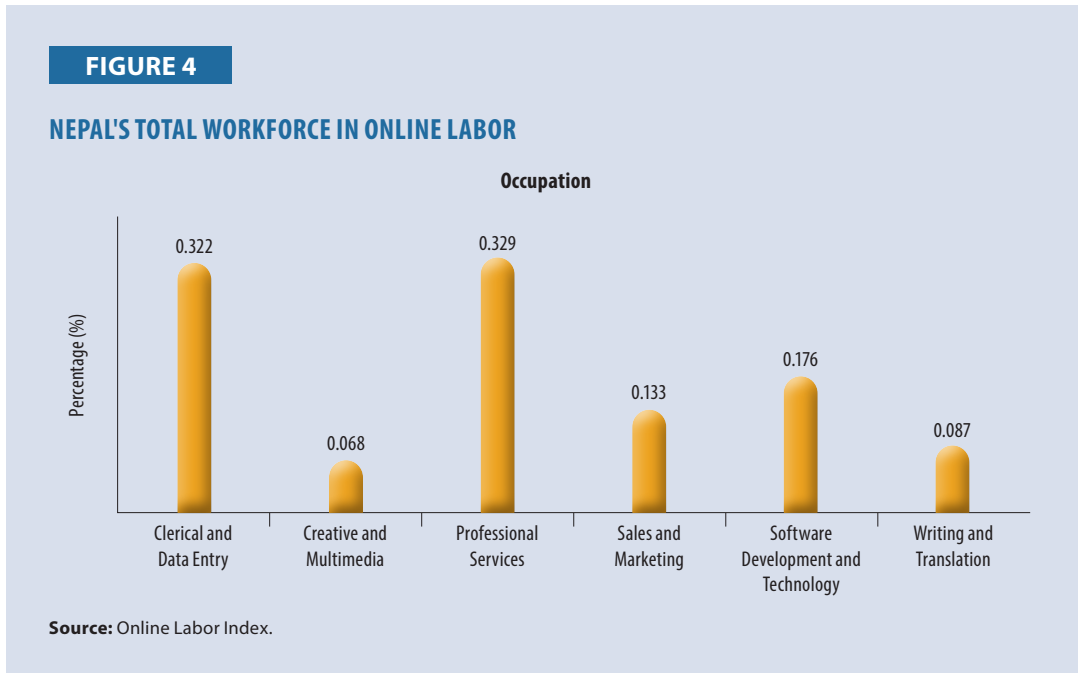
Bangladesh has also witnessed an increase in its gig economy, especially in urban areas, with an estimated 650,000 freelancers, the second highest in South Asia. The gig workforce in Bangladesh grew by 27% in 2021 and the country is projected to be the world's 24th largest economy by 2030, with significant contributions from the gig economy. While gig economy is a crucial component of the informal economy, it is less likely to obtain specific figures compared to India.

Sri Lanka's gig economy is similarly growing in facilitating various services. The growth is supported by a young, tech-savvy population. Most gig workers in Sri Lanka are not engaged full-time and rely on gig work as supplemental income. Although specific market size data is scarce, the gig economy is becoming an important part of the labor market, particularly in urban areas.

The gig economy in Pakistan is also expanding with many young people turning to freelancing and gig jobs due to economic challenges and loss of jobs due to pandemic. While the size of Pakistan's gig economy is growing, detailed figures are often not disclosed in reports.

Nepal's Gig Economy

The gig economy has been expanding rapidly worldwide due to increased job opportunities, flexible working schedules, fair earnings, and easy accessibility. The gig economy in Nepal has been experiencing significant growth over the last decade, contributing about 7% to the country's GDP. According to the Online Labor Index, 49% of the online freelance workforce in Nepal is engaged in software and technology development services.



Ride-sharing apps are expanding their services to other major cities in Nepal. Pathao, for example, will be providing its services to 17 cities across Nepal. The organization is providing employment to over 200,000 individuals, including 190,000 motorbike riders, over 10,000 cab drivers, and more than 5,000 food delivery personnel. Pathao also offers insurance with coverage up to NPR1 million in the case of death or dismemberment in the event of an accident and up to NPR100,000 for medical treatment.

Over the last 4–5 years, online food delivery services have grown in Nepal, which indicates the expansion of the urban middle class and increasing incomes. Foodmandu, a leading food delivery company, has done business of over USD5.58 million per year, contributing to the growth of gig economy and attracting venture capitalists.

Nepal's growing internet penetration and accessibility has enabled gig workers to perform tasks in remote areas and creating employment opportunities for people living even in rural areas. Advances in technology have also facilitated communication, cooperation, and collaboration between employers and gig workers, further enhancing the efficiency of the gig economy.

Freelancing and part-time work trend are becoming increasingly popular among Nepali youth. Platforms like Fiverr and Upwork offer skilled freelance professionals access to the global market, making the gig economy an increasingly crucial source of income for Nepal. However, challenges in Nepal's payment system continue to hinder the capacity of the freelance workers, limiting their ability to fully maximize the benefit from these opportunities.

Despite the rapid expansion of the gig economy, Nepal seems to have fallen behind in formalizing this new form of economy. The government has attempted to develop laws to bring informal economic activities into the formal sector but the progress has been slow. There is a lack of research and clear policy direction regarding the emerging informal and gig economy, and a regulatory framework is needed to address its growth and protect workers.

Impact of Gig Economy on Income Distribution and Labor Participation

The gig economy has been growing in Nepal's urban areas due to the availability of digital platforms, new technologies, and a growing number of unemployed individuals seeking part-time or full-time work. This has facilitated freelancing and short-term job opportunities, especially in the cities. The gig economy has provided numerous employment opportunities for individuals who have struggled to find traditional jobs. This has broadened the segment of earning population and led to more equitable income distribution, helping households to increase their income levels and reduce income disparity.

However, gig workers face financial instability due to the nature of gig work, which can affect the income of those who solely rely on gig work as their primary income. Absence of benefits which are provided in traditional work, such as health insurance, retirement plans, and protection programs, makes gig workers vulnerable to economic shocks, which potentially leads to greater income disparity.

Various studies have broadly categorized the gig economy into two types based on service delivery: digital gig work and physical gig work. Digital gig work includes highly skilled workers, such as IT professionals, coders, and programmers while physical gig work involves services, such as ride-sharing and food delivery. Digital gig workers tend to earn more than physical counterparts due to their access to technology and specialized skills. This earnings gap within the gig economy itself could widen the income inequality. To mitigate this, gig workers should consider investing their earnings in education, savings, or entrepreneurial activities to increase economic mobility and eradicate income inequality in the long term. The government should develop a regulatory framework to protect gig workers from financial risks and vulnerabilities.

The gig economy has opened up employment opportunities for individuals who have been unable to get jobs or excluded from traditional labor markets, including women, people with disabilities, those living in rural areas, and individuals with limited access to technology. The flexible nature of gig work makes it possible for these individuals to engage in economic activities and participate in the labor force.

Nepal is benefiting from a demographic dividend until 2035, after which it will face an aging population. Currently, a large number of youth population is seeking employment and possess technical know-how. The gig economy provides an entry point for these young individuals to join the labor force, even if they have no formal education or experience. Furthermore, gig economy has also created new opportunities for female workers, especially those occupied with household chores. It offers a way to balance family and work life. This flexibility could help to increase the female labor force participation as women can work as freelancers from home during their leisure time.

Although Nepal is known as an agricultural country, the services sector now contributes about 62% of total GDP. This shift suggests that those previously engaged in agriculture and found that sector unstable or low-paying, are shifting toward new avenues of employment. The gig economy has facilitated this smooth transition from traditional to new employment.

There is a positive correlation between the shadow economy and the gig economy. As the gig economy overlaps with the shadow economy, it indicates that labor force engaged in untraceable forms of employment may not be captured in official labor statistics. Participation in the gig economy has helped workers to develop new or enhance their skills and increase their income, significantly impacting labor force participation by providing access to new opportunities.

Conclusion

The gig economy in Nepal is experiencing remarkable growth, driven by increasing internet access and a technologically proficient young workforce. It presents both opportunities and challenges for the economy of Nepal, particularly in the context of its youthful demographic and persistent issue of youth unemployment, which is a major problem. A significant portion of Nepal's workforce is under the age of 30 and the gig economy has increased labor force participation by providing new employment opportunities. These platforms enable gig workers to earn income more flexibly and, often, more lucratively than traditional jobs, which can have a positive impact on the broader economy. Moreover, the gig economy holds significant potential for Nepal's economic development, especially through the inflow of foreign currency. This potential can be further realized if Nepal strategically positions itself within the global gig economy by investing in upskilling and upgrading its workforce while also improving technological infrastructure and developing legal framework and policies to streamline gig businesses and support technological advancement.

Alongside these opportunities, there are significant challenges, particularly for gig workers. Unlike traditional work, gig workers lack benefits related to labor rights, social insurance, social protection, retirement plans, insurance coverage, and other protection plans. Addressing these issues is crucial to ensuring the sustainability and well-being of gig workers. The gig economy weakens workers' bargaining power with employers and they struggle to form unions for collective bargaining. To address this issue, Nepal must formalize and promote the gig economy while formulating clear and consistent government policies on taxation, especially for gig workers providing services to foreign companies. Additionally, the government should establish a proper payment system to facilitate payments for gig workers.

The gig economy has significant potential to both reduce as well as widen income inequality, depending on factors, such as access to technology, skills, and social safety nets. It provides new avenues for employment, particularly for marginalized groups. However, the risk of regional disparities and income volatility continue to pose significant challenges in achieving equitable income distribution.

The gig economy is reshaping labor force participation in Nepal, particularly among youth, women, and marginalized groups. However, barriers, such as existing cultural values, limited access to technology, and a lack of job security have restricted them from fully competing and participating in the gig economy. Removing these barriers would help to boost participation, and the government should integrate economic and labor policies to fully realize the benefits of the gig economy.

The expansion of the gig economy offers Nepal an opportunity to address persistent issues, like youth unemployment and brain drain. It has provided Nepal with a feasible chance to rejuvenate its economy by providing flexibility, economic resilience, access to global markets, work-life balance, and economic diversification.

However, the full potential of the gig economy in Nepal is unlikely to be realized without the development of robust regulatory structures and legal frameworks encompassing all the spectrums of gig economy. At the present scenario, the country's gig economy operates in an unmonitored and unregulated manner, which has persistent issues, such as job insecurity, lack of social protection, and the absence of standardized working conditions, including payment system.

Clear legal frameworks and initiatives to integrate gig economy into the national economy can help address these issues. By closing these regulatory gaps, Nepal can create a more stable and secure environment for gig workers, ensuring that the growth of this sector contributes to sustainable economic development, supporting the country's transition to middle-income status, and positioning Nepal as an efficient and competitive player in the global economy.

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LIST OF FIGURES

- Figure 1** Evolution of Gig Economy.....6
- Figure 2** Categorization of Gig Economy.....6
- Figure 3** Average Hourly Freelance Rate by Region in USD.....7
- Figure 4** Nepal's Total Workforce in Online Labor.....8

