

Nepal

Exchange rate: US\$1.00 = 108.15 rupees.

Old Age, Disability, and Survivors

Regulatory Framework

First and current laws: 1962 (provident fund), 1994 (old-age allowance), and 2011 (social security fund).

Type of program: Provident fund and social assistance system.

Note: Additional cash benefits are provided to Nepalese citizens based on ethnicity and geographic location.

Government employees and their widow(er)s receive a non-contributory monthly pension in addition to the provident fund benefit.

The 2011 law established a Social Security Fund Secretariat to administer a contributory social insurance scheme covering old-age, disability, unemployment, and various other insurance programs. Public- and private-sector employees already contribute 1% of earnings to the fund, but no benefits have been introduced.

Coverage

Provident fund: Government employees.

Voluntary coverage for firms with 10 or more employees.

Exclusions: Self-employed persons, temporary workers, part-time workers, and household workers.

Social assistance: Citizens of Nepal.

Source of Funds

Insured person

Provident fund: 10% of monthly earnings.

Social assistance: None.

Self-employed person

Provident fund: Not applicable.

Social assistance: None.

Employer

Provident fund: 10% of monthly payroll. (Employers may make additional voluntary contributions for employees.)

Social assistance: None.

Government

Provident fund: None; contributes as an employer.

Social assistance: The total cost.

Qualifying Conditions

Old-age benefit (provident fund): Age 58 or upon termination of employment.

The benefit may be deferred for up to six years after retirement.

Loan scheme: Loans are provided from the fund member's account to help finance the cost of housing, education, and other needs. The qualifying conditions vary according to the nature of the loan.

Old-age allowance (social assistance): Aged 70 or older (aged 60 or older for Dalits and residents of Karnali Zone).

Personal accident insurance (provident fund): Paid for the partial or permanent disability or accidental death of the fund member.

Disability pension (social assistance): Aged 16 or older and assessed as blind or having lost the use of feet or hands.

Survivor benefit (provident fund): Paid when a fund member dies.

Funeral grant (provident fund): Paid when a fund member dies.

Survivor allowance (social assistance): Paid to Nepalese widows aged 60 or older who satisfy a means test (no personal income, no family support, and no survivor pension as a widow) and for Dalit children or children younger than age 5 from the Humla district.

Old-Age Benefits

Old-age benefit (provident fund): A lump sum of employer and employee contributions plus 6.75% interest a year is paid.

An annual bonus based on the fund's operating profit is credited to each member's account.

Loan scheme: The maximum amount that may be borrowed and the maximum borrowing period vary according to the nature of the loan.

Interest rate adjustment: The Board of Directors of the Provident Fund sets the interest rate based on the fund's annual income.

Old-age allowance (social assistance): 2,000 rupees a month is paid; 1,000 rupees a month for members of the Rautes, Chepang, and certain other ethnic groups.

Permanent Disability Benefits

Personal accident insurance (provident fund): A lump sum of 125,000 rupees is paid for a total disability.

Partial disability: A lump sum of 10,000 rupees to 25,000 rupees is paid according to the assessed degree of disability.

Disability pension (social assistance): 2,000 rupees a month is paid for a total disability and 300 rupees a month for a partial disability.

Survivor Benefits

Survivor benefit (provident fund): A lump sum of 150,000 rupees (civil servants) or 40,000 rupees to 75,000 rupees (military and police personnel) is paid to a named survivor or heir. If there is more than one named survivor, the amount is split equally.

Funeral grant (provident fund): A lump sum of 30,000 rupees is paid.

Personal accident insurance (provident fund): A lump sum of 125,000 rupees is paid.

Survivor allowance (social assistance): 2,000 rupees a month is paid to widows aged 60 or older; 300 rupees for each child for up to two children.

Administrative Organization

Provident fund: Employees' Provident Fund (<http://web.epfnepal.com.np/>), an autonomous body under the general supervision of the Ministry of Finance (<http://www.mof.gov.np/>) and managed by a board of directors, administers the program.

Social assistance: Ministry of Federal Affairs and Local Development (<http://www.mofald.gov.np/>) administers the programs.

Local Village Development Committees pay benefits.

Sickness and Maternity

Regulatory Framework

First and current laws: 1962 (provident fund), 1974 (employer-provided medical benefits), 1992 (labor law), and 1993 (labor regulations).

Type of program: Provident fund, employer-liability, universal, and social assistance system.

Coverage

Cash sickness and maternity benefits (employer liability): Employed persons.

Exclusions: Self-employed persons.

Special system for civil servants.

Birth grant and medical benefits (provident fund): Government employees.

Exclusions: Self-employed persons, temporary workers, part-time workers, and household workers.

Medical benefits (employer liability): Private-sector employees.

Exclusions: Self-employed persons.

Medical benefits (universal): Citizens of Nepal.

Source of Funds

Insured person

Provident fund: See source of funds under Old Age, Disability, and Survivors.

Employer-liability system: None.

Universal and social assistance system: None.

Self-employed person

Provident fund: Not applicable.

Employer-liability system: Not applicable.

Universal and social assistance system: None.

Employer

Provident fund: See source of funds for Old Age, Disability, and Survivors.

Employer-liability system: The total cost.

Universal and social assistance system: None.

Government

Provident fund: None.

Employer-liability system: None.

Universal and social assistance system: The total cost.

Qualifying Conditions

Cash sickness benefits (employer liability): Must have worked for the employer for at least one continuous year before the incapacity began.

Cash maternity benefits (employer liability): There is no minimum qualifying period.

Birth grant and medical benefits (provident fund): Must be currently contributing.

Medical benefits (employer liability): There is no minimum qualifying period.

Medical benefits (universal): There is no minimum qualifying period.

Sickness and Maternity Benefits

Sickness benefit (employer liability): 50% of the employee's wages is paid for up to 15 days a year.

Maternity benefit (employer liability): 100% of the employee's wages is paid for 52 days before or after childbirth for up to two births (may be paid for more than two births if the child does not survive).

Birth grant (provident fund): A lump sum of 7,500 rupees is paid for up to two births.

Workers' Medical Benefits

Medical benefits (provident fund): Up to 25,000 rupees or 50% of medical expenses, whichever is lower, is reimbursed for standard treatment; up to 50,000 rupees or 50% of medical expenses, whichever is lower, for critical care.

Government employees also receive subsidized medical care and medicine at government hospitals.

Medical benefits (employer liability): Basic medical services are provided.

Medical benefits (universal): Government health centers provide essential health care services free of charge.

Additional free health care services are provided to persons aged 75 or older and persons assessed as disadvantaged, destitute, underserved, with a physical or psychological disability, or living in certain remote, mountainous regions, or designated low human development districts.

Dependents' Medical Benefits

Medical benefits for dependents are the same as those for the insured.

Administrative Organization

Provident fund: Employees' Provident Fund (<http://web.epfnepal.com.np/>), an autonomous body under the general supervision of the Ministry of Finance (<http://www.mof.gov.np/>) and managed by a board of directors, administers the program.

Employer-liability system: Ministry of Labour and Employment (<http://www.dol.gov.np/>) provides general supervision.

Universal and social assistance system: Ministry of Health and Population (<http://www.moHP.gov.np/>) provides general supervision and administers the programs.

Work Injury

Regulatory Framework

First law: 1959.

Current law: 1992 (work injury).

Type of program: Employer-liability system through a private carrier.

Coverage

Employees of firms with 10 or more employees.

Exclusions: Self-employed persons and household workers.

Special system for miners.

Source of Funds

Insured person: None.

Self-employed person: Not applicable.

Employer: The total cost; provides benefits directly or pays insurance premiums.

Government: None.

Qualifying Conditions

There is no minimum qualifying period.

Temporary Disability Benefits

50% of earnings (100% if hospitalized) is paid from the first day of incapacity for up to a year.

An approved doctor assesses the degree of disability, according to a schedule in law.

Permanent Disability Benefits

A lump sum of five years of the insured's earnings is paid for a total disability (100%).

Partial disability: A percentage of the total disability lump sum is paid according to the assessed degree of disability.

An authorized doctor assesses the degree of disability, according to a schedule in law.

Workers' Medical Benefits

The total cost of necessary treatment is paid.

Survivor Benefits

A lump sum of three years of the deceased's earnings is paid to a dependent survivor.

Administrative Organization

Labour and Employment Promotion Department, under the Ministry of Labour and Employment (<http://www.dol.gov.np/>), enforces the law.

Unemployment

Regulatory Framework

No statutory unemployment benefits are provided.

The 1992 Labor Act requires employers to pay lump-sum severance benefits to laid-off employees of one month of wages for each year of service in all firms with 10 or more employees.

The 1993 Labor Rules require employers in firms with 10 or more employees to pay a cash benefit to workers with at least three years of employment when they retire or resign (50% of monthly wages is paid for each of the first seven years of service, 66% for each year from eight to 15 years, and 100% for each year exceeding 15 years).

The employee may choose between a cash benefit and a lump sum.