

Nepal

Exchange rate: US\$1.00 = 110.05 rupees.

Old Age, Disability, and Survivors

Regulatory Framework

First and current laws: 1962 (provident fund), 1994 (old-age allowance), 2011 (social security fund), and 2017 (labor code).

Type of program: Provident fund and social assistance system.

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

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

The 2017 law established a mandatory social insurance program for private-sector employees, including daily workers. The program will be gradually implemented starting in May 2019. Insured persons will contribute 11% of monthly earnings and employers will contribute 20% of monthly payroll. Of the combined insured person and employer contributions, 28.33% will finance old-age benefits, 1.40% will finance disability and work injury benefits, 0.27% will finance survivor benefits, and 1% will finance sickness and maternity benefits.

Coverage

Provident fund: Public-sector employees, including civil servants, military and police personnel; and private-sector employees with permanent contracts, including apprentices and vocational training students.

Voluntary coverage for foreign workers.

Exclusions: Self-employed persons.

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. Additional voluntary contributions are possible.

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.

Deferred benefit: The benefit may be deferred for up to six years after the normal retirement age.

Loan option: Loans may be taken from the fund member's account to help finance the cost of housing, education, and other needs. The qualifying conditions vary depending on the nature of the loan.

Old-age allowance (Senior Citizen's Allowance, social assistance): Age 65 (age 60 for Dalits, single and divorced women, and residents of Karnali Zone).

Disability grant (Accident Indemnity, provident fund):

Paid for the partial or permanent disability of the fund member.

Disability social pension (Disability Allowance, social assistance):

Must be aged 16 or older and assessed with a total or severe disability.

Survivor benefit (provident fund):

Paid to the named survivors or legal heirs if the fund member dies before withdrawing his or her full account balance.

Additional benefit: The deceased was a civil servant or a member of the police or military.

Survivor grant (Accident Indemnity, provident fund):

Paid for the accidental death of the fund member.

Survivor social pension (Single Women's Allowance, social assistance, means tested):

Paid to widows aged 60 or older who satisfy a means test (no personal income, no family support, and no survivor pension as a widow).

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

Old-Age Benefits

Old-age benefit (provident fund): A lump sum of total employee and employer contributions plus accrued interest is paid.

The interest rate is 8% a year (2017).

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

Deferred benefit: Calculated in the same way as the old-age benefit.

Loan option: The maximum amount that may be borrowed and the maximum borrowing period vary depending on 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 (Senior Citizen's 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.

Schedule of payments: The pension is paid every four months.

Permanent Disability Benefits

Disability grant (Accident Indemnity, provident fund): A lump sum of 200,000 rupees is paid for a total disability.

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

Disability social pension (Disability Allowance, social assistance): 2,000 rupees a month is paid for a total disability; 600 rupees a month for a partial disability.

Schedule of payments: The pension is paid every four months.

Survivor Benefits

Survivor benefit (provident fund): A lump sum of total employee and employer contributions plus accrued interest minus previous withdrawals is paid to a named survivor or legal heir. If there is more than one named survivor, the amount is split equally.

The interest rate is 8% a year (2017).

Additional benefit: A lump sum of 150,000 rupees (civil servants) or 40,000 rupees to 75,000 rupees (military and police personnel) is paid.

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

Survivor grant (Accident Indemnity, provident fund): A lump sum of 200,000 rupees is paid.

Survivor social pension (Single Women's Allowance, social assistance, means tested): 2,000 rupees a month is paid to widows aged 60 or older.

Schedule of payments: The pension is paid every four months.

Funeral grant (provident fund): A lump sum of 40,000 rupees is paid.

Administrative Organization

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

Ministry of Federal Affairs and General Administration (<http://www.mofaga.gov.np/>) administers the social assistance program.

Local governments pay social assistance benefits.

Sickness and Maternity

Regulatory Framework

First law: 1992 (labor code).

Current laws: 1962 (provident fund), 1974 (employer-provided medical benefits), 1993 (labor regulations), and 2017 (labor code).

Type of program: Universal (medical benefits), provident fund (birth grant and medical benefits), and employer-liability (cash and medical benefits system).

Note: The 2017 law established a mandatory social insurance program for private-sector employees, including daily workers. The program, which includes paid paternity leave of up to 15 days, will be gradually implemented starting in May 2019. Insured persons will contribute 11% of monthly earnings and employers will contribute 20% of monthly payroll. Of the combined insured person and employer contributions, 28.33% will finance old-age benefits, 1.40% will finance disability and work injury benefits, 0.27% will finance survivor benefits, and 1% will finance sickness and maternity benefits.

Coverage

Universal (medical benefits): Citizens of Nepal.

Provident fund (birth grant and medical benefits): Public-sector employees, including civil servants and military and police personnel; and private-sector employees with permanent contracts, including apprentices and vocational training students.

Voluntary coverage for foreign workers.

Exclusions: Self-employed persons.

Employer liability (cash and medical benefits): Private-sector employees.

Exclusions: Self-employed persons and certain journalists.

Special system for civil servants, military and police personnel, and miners.

Source of Funds

Insured person

Universal (medical benefits): None.

Provident fund (birth grant and medical benefits): See source of funds under Old Age, Disability, and Survivors.

Employer liability (cash and medical benefits): None.

Self-employed person

Universal (medical benefits): None.

Provident fund (birth grant and medical benefits): Not applicable.

Employer liability (cash and medical benefits): Not applicable.

Employer

Universal (medical benefits): None.

Provident fund (birth grant and medical benefits): See source of funds for Old Age, Disability, and Survivors.

Employer liability (cash and medical benefits): The total cost.

Government

Universal (medical benefits): The total cost.

Provident fund (birth grant and medical benefits): See source of funds for Old Age, Disability, and Survivors.

Employer liability (cash and medical benefits): None.

Qualifying Conditions

Cash sickness benefit (employer liability): Must be currently employed and provide a medical certificate.

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

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

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

Sickness and Maternity Benefits

Sickness benefit (employer liability): 100% of the employee's wages is paid for up to 12 days a year.

The benefit is proportionally reduced for employees with less than one year of continuous employment.

Maternity benefit (employer liability): 100% of the employee's wages is paid for 60 days, including at least two weeks before childbirth.

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

Workers' Medical Benefits

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.

Medical benefits (provident fund): Up to 100,000 rupees or 50% of medical expenses, whichever is lower, is reimbursed for standard treatment; up to 1,000,000 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.

Dependents' Medical Benefits

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

Administrative Organization

Ministry of Labour, Employment, and Social Security (<http://moless.gov.np/>) provides general supervision of cash benefits.

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

Ministry of Health and Population (<http://www.mohp.gov.np/>) provides general supervision and administers medical benefits.

Work Injury

Regulatory Framework

First laws: 1959 and 1992 (labor code).

Current law: 2017 (labor code).

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

Note: The 2017 law established a mandatory social insurance program for private-sector employees, including daily workers. The program will be gradually implemented starting in May 2019. Insured persons will contribute 11% of monthly earnings and employers will contribute 20% of monthly payroll. Of the combined insured person and employer contributions, 28.33% will finance old-age benefits, 1.40% will finance disability and work injury benefits,

0.27% will finance survivor benefits, and 1% will finance sickness and maternity benefits.

Coverage

Private-sector employees.

Exclusions: Self-employed persons and certain journalists.

Special system for civil servants, military and police personnel, and miners.

Source of Funds

Insured person: None.

Self-employed person: Not applicable.

Employer: The total cost (pays insurance premiums or provides benefits directly to employees).

Government: None.

Qualifying Conditions

Must be assessed with a work injury or occupational disease.

Temporary Disability Benefits

No information is available.

Permanent Disability Benefits

For a total (100%) assessed degree of disability, a benefit is paid.

Partial disability: For an assessed degree of disability of less than 100%, a percentage of the full permanent disability benefit is paid based on 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 at least 700,000 rupees is paid to a dependent survivor.

Administrative Organization

Department of Labour and Occupational Safety (<http://www.dol.gov.np/>), under the Ministry of Labour, Employment, and Social Security, provides general supervision of cash benefits and enforcement of labor laws.

Unemployment

Regulatory Framework

No statutory unemployment benefits are provided.

The 2017 Labor Act requires employers to provide severance pay to dismissed employees. The benefit amount is one month of the employee's wages for each year of employment in all establishments employing 10 or more workers.

The 2017 Labor Act requires employers in the private sector to contribute 8.33% of the employee's monthly wage to the Social Security Fund to finance gratuity benefits.

Family Allowances

Regulatory Framework

First and current laws: 1994 (old-age allowance).

Type of program: Social assistance system.

Coverage

Citizens of Nepal.

Source of Funds

Insured person: None.

Self-employed person: None.

Employer: None.

Government: The total cost.

Qualifying Conditions

Child benefit (Child Protection Grant): Paid to Dalit children or children younger than age 5 residing in the Karnali province.

Family Allowance Benefits

Child benefit (Child Protection Grant): 400 rupees a month is paid for each eligible child (up to two children if residing in the Karnali province).

Administrative Organization

Ministry of Federal Affairs and General Administration (<http://www.mofaga.gov.np/>) administers the program.