

## Nepal

Exchange rate: US\$1.00 = 74.05 rupees.

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First and current laws:** 1962 (provident fund); and 1994 (old-age allowance), with 1995, 1996 (widow's allowance and disability pension), and 2002 (eliminating drawdown payment) amendments.

**Type of program:** Provident fund and social assistance system.

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

#### Coverage

**Provident fund:** Compulsory coverage for government employees.

Voluntary coverage for any organization with 10 or more employees.

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

**Social assistance:** Nepalese citizens.

#### Source of Funds

##### Provident fund

*Insured person:* 10% of monthly earnings.

*Self-employed person:* Not applicable.

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

*Government:* None.

##### Social assistance

*Insured person:* None.

*Self-employed person:* None.

*Employer:* None.

*Government:* The total cost.

#### Qualifying Conditions

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

The benefit may be deferred until age 60.

Additional benefit scheme: Paid at retirement age for certain groups of persons.

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):** Age 70 or older (age 60 or older for Dalits and residents of Karnali Zone).

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

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

**Survivor benefit (provident fund):** Paid for the death of a fund member.

**Funeral grant (provident fund):** Paid for the death of a fund member.

**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).

#### Old-Age Benefits

**Old-age benefit (provident fund):** A lump sum of employer and employee contributions plus 8% interest a year is paid.

Additional benefit scheme: A lump sum based on the value of the old-age lump-sum benefit multiplied by 0.33% multiplied by the number of years of contributions is paid, up to 100,000 rupees.

Government employees also receive a monthly pension, up to 100% of basic earnings.

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):** 500 rupees a month is paid; 1,000 rupees is paid to members of the Rautes ethnic group.

#### Permanent Disability Benefits

**Personal accident insurance (provident fund):** A lump sum of 65,000 rupees is paid for a total disability.

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

**Disability pension (social assistance):** 500 rupees a month is paid.

## Survivor Benefits

**Survivor benefit (provident fund):** A lump sum of 75,000 rupees is paid to a named survivor or heir. In the case of more than one named survivor, the amount is split equally.

The surviving spouse of a deceased government employee also receives a pension of up to 100% of basic earnings for up to 7 years.

**Funeral grant (provident fund):** A lump sum of 10,000 rupees is paid.

**Personal accident insurance (provident fund):** A lump sum of 75,000 rupees is paid.

**Survivor allowance (social assistance):** 500 rupees a month is paid.

## Administrative Organization

**Provident fund:** Employees' Provident Fund (<http://www.epfnepal.com>), 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 Local Development (<http://mld.gov.np>) administers the program.

Benefits are administered at the local level by Village Development Committees.

## Sickness and Maternity

### Regulatory Framework

No statutory cash benefits are provided.

The 1974 Bonus Act requires private-sector enterprises to provide basic medical benefits to employees and their dependents.

The 1992 Labor Act requires employers to pay 100% of wages for maternity leave of up to 52 days before or after each childbirth for up to two births. It also requires employers to pay 50% of wages for sick leave for up to 15 days a year.

The 1992 Civil Servant Act provides maternity leave to employed women for up to 60 days before or after childbirth, for up to two births.

For government employees, annual medical expenses may be reimbursed up to the equivalent of 12 to 21 months of salary.

Free medical treatment is provided to people aged 75 or older in government hospitals.

## Work Injury

### Regulatory Framework

**First law:** 1959.

**Current law:** 1992 (work injury).

**Type of program:** Employer-liability system, involving compulsory insurance with a private carrier.

### Coverage

Employees of establishments with 10 or more workers.

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

**Work injury benefits:** There is no minimum qualifying period.

### Temporary Disability Benefits

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

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

### Permanent Disability Benefits

**Permanent disability benefit:** A lump sum of 5 years of 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

**Survivor benefit:** A dependent survivor receives a lump sum of 3 years of the deceased's earnings.

### Administrative Organization

Labor and Employment Promotion Department enforces the law.

## ***Unemployment***

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### ***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 1 month of wages for each year of service in all establishments employing 10 or more workers.

The 1993 Labor Rules require employers in establishments with 10 or more workers to pay a cash benefit to workers with at least 3 years of employment when they retire or resign, as follows: 50% of monthly wages for each of the first 7 years of service, 66% of monthly wages for each year from 8 to 15 years, and 100% of monthly wages for each year of service exceeding 15 years.

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