

## Nepal

Exchange rate: US\$1.00 = 81.60 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:** All 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:** 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.

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 for the partial or permanent disability or 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 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).

#### Old-Age Benefits

**Old-age benefit (provident fund):** A lump sum of employer and employee contributions plus 8% 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):** 500 rupees a month is paid; 1,000 rupees a month for members of the Rautes ethnic group.

#### Permanent Disability Benefits

**Personal accident insurance (provident fund):** A lump sum of 100,000 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):** 500 rupees a month is paid.

### **Survivor Benefits**

**Survivor benefit (provident fund):** A lump sum of 150,000 rupees 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 25,000 rupees is paid.

**Personal accident insurance (provident fund):** A lump sum of 100,000 rupees is paid.

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

### **Administrative Organization**

**Provident fund:** Employees' Provident Fund (<http://www.epfnepal.com.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 Local Development administers the program.

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

### **Sickness and Maternity**

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#### **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. Additional maternity leave without pay is possible for up to six months.

Medical expenses may be reimbursed up to the equivalent of 12 to 21 months of salary for government employees. The amount may be paid as a lump sum at retirement.

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

### **Work Injury**

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#### **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 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**

**Work injury benefits:** 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 authorized doctor assesses the degree of disability, according to a schedule in law.

#### **Permanent Disability Benefits**

**Permanent disability benefit:** A lump sum of five 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 lump sum of three years of the deceased's earnings is paid to a dependent survivor.

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### ***Administrative Organization***

Labor and Employment Promotion Department under the Ministry of Labour and Employment 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 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.