

## Nepal

Exchange rate: US\$1.00 equals 68.40 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.

Special system for civil servants.

**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 on behalf of employees.)

There are no maximum earnings for additional voluntary contributions.

*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.

Deferred old-age benefit: The benefit may be deferred in certain instances until age 60.

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

Loan scheme (provident fund): 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 the fund member.

**Funeral grant (provident fund):** Paid for the death of the 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 equal to employer and employee contributions plus 5.5% 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, up to 100,000 rupees.

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

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

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 permanent 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):** 100% of the lump sum payable to the deceased 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.

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

**Funeral grant (provident fund):** A lump sum of 8,000 rupees is paid.

**Personal accident insurance (provident fund):** A lump sum of 55,000 rupees is paid.

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

### **Administrative Organization**

**Provident fund:** Employees' Provident Fund (<http://www.epfnepal.com>) is an autonomous body under the general supervision of the Ministry of Finance (<http://www.mof.gov.np>).

Managed by a board of directors, the Employees Provident Fund 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**

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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 1983 Employment Act requires employers to pay 100% of wages for maternity leave of up to 52 days before or after childbirth. Maternity leave may be paid for up to two births. If both children subsequently die, the woman may take maternity leave for the birth of two more children.

The 1993 Labor Code requires private-sector employers to pay 50% of wages for sick leave for up to 15 days a year, provided the employee has been continuously employed by the same employer for at least 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.

Free medical treatment is provided to older persons and for maternity care through government hospitals. Free medications are provided to groups of needy persons.

### **Work Injury**

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#### **Regulatory Framework**

**First law:** 1959.

**Current law:** 1992 (work injury), with 1993 amendment.

**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 is met through the direct provision of benefits or the payment of insurance premiums.

**Government:** None.

#### **Qualifying Conditions**

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

#### **Temporary Disability Benefits**

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

The degree of disability is assessed by an authorized doctor, according to the schedule in law.

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### **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.

The degree of disability is assessed by an authorized doctor, according to the schedule in law.

### **Workers' Medical Benefits**

**Medical benefits:** The total cost of necessary treatment.

An authorized doctor determines the necessary treatment, according to the schedule in law.

### **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.

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### **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 equal to 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 between 7 and 15 years, and 100% of monthly wages for each year of service exceeding 15 years.

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