

India

Exchange rate: U.S.\$1.00 equals 48.80 rupees.

Old Age, Disability, and Survivors

Regulatory Framework

First and current laws: 1952 (provident fund), 1972 (gratuity scheme), 1976 (deposit-linked insurance scheme), and 1995 (pension scheme).

Type of program: Provident fund with deposit-linked insurance, pension, and gratuity schemes for industrial workers.

Coverage

Provident fund, deposit-linked insurance, and pension scheme: Employees with monthly earnings of 6,500 rupees or less working in establishments with a minimum of 20 employees in one of the 180 categories of covered employment.

Employees covered by equivalent private plans may be contracted out.

Special systems for miners, railway employees, and public employees.

Gratuity scheme: Employees of factories, mines, and firms with at least 10 workers.

Source of Funds

Insured person

Provident fund: 12% of basic wages in 175 specified categories of covered industry or 10% of basic wages in five specified categories of covered industry.

Deposit-linked insurance scheme: None.

Pension scheme: None.

Gratuity scheme: None.

Employer

Provident fund: 3.67% of payroll in 175 specified categories of covered industry or 1.67% of payroll in five specified categories of covered industry. Employers pay an additional 1.1% of payroll for administrative costs.

Deposit-linked insurance scheme: 0.5% of payroll, plus 0.01% of payroll for administrative costs.

Pension scheme: 8.33% of payroll.

Gratuity scheme: Average 4% of payroll.

Government

Provident fund: None.

Deposit-linked insurance scheme: None.

Pension scheme: 1.16% of basic wages.

Gratuity scheme: None.

Qualifying Conditions

Old-age benefit

Provident fund: Age 55 and retired from covered employment; benefit is payable at any age if leaving the country permanently, being involuntarily removed from covered employment, on the termination of service under a voluntary retirement scheme, on changing employment from an establishment covered by the scheme to one that is not, or on the termination of a job and remaining unemployed for over 2 months.

Drawdown payment: Partial drawdown advances are permitted before retirement for special purposes, including the purchase of life insurance, the purchase or construction of a home, loan repayment, and paying children's education fees.

Pension scheme: Age 58 or retired with a minimum of 10 years' coverage.

Reduced pension: A reduced pension is available at age 50 with a minimum of 10 years' coverage and on ceasing employment.

Gratuity scheme: Five years' continuous employment (old-age benefit only).

Disability pension

Provident fund: Incapacity for normal work.

Pension scheme: The insured person is permanently and totally disabled by an occupational injury.

Survivor pension

Provident fund: Death of the provident fund member before retirement (survivor benefit only).

Deposit-linked insurance scheme: Death of the provident fund member before retirement.

Pension scheme: The insured was a member of the scheme with at least 1 month of contributions (payable regardless of whether the insured was employed or retired at the time of death).

Old-Age Benefits

Provident fund: A lump sum equal to total employee and employer contributions plus interest.

Drawdown payment: The value of drawdown payments depends on the value of employee and employer contributions, plus accumulated interest, in the individual account and on the discretion of the individual fund member.

Pension scheme: For 10 years of employment or more, a monthly pension based on a member's pensionable service and salary subject to a minimum pension.

Reduced pension: The basic pension is reduced by 3% for each year for which retirement is taken before age 58.

Gratuity scheme: A lump sum equal to 15 days' wages for each year of continuous service. The maximum award is 350,000 rupees.

Permanent Disability Benefits

Provident fund: A lump sum equal to total employee and employer contributions plus interest.

Pension scheme: A monthly pension based on the member's pensionable salary subject to a minimum of 250 rupees or, optionally, a lump-sum benefit equal to total employee and employer contributions plus interest.

Survivor Benefits

Provident fund: A lump sum equal to total employee and employer contributions plus interest. The lump sum is payable to named family members or, if none, to other named beneficiaries.

Death grant: Up to 2,000 rupees.

Deposit-linked insurance scheme: A lump sum equal to the average balance in the provident fund account of the insured over the 12 months preceding death. The maximum award is 60,000 rupees.

Pension scheme

Widow's pension: 50% of the member's pension, subject to a minimum of 450 rupees a month.

Orphan's pension: 25% of the widow's pension, subject to a minimum of 150 rupees a month; full orphan's, 75% of the widow's pension, subject to a minimum of 250 rupees a month.

Administrative Organization

Ministry of Labor provides general supervision for all schemes.

Employees' Provident Fund is organized and administered through regional, subregional, inspectorate, and subaccounts offices.

Central Board of Trustees of the Employees' Provident Fund administers the funds through a tripartite body representing government, employers, and employees.

Gratuity scheme is administered by central and state authorities.

Sickness and Maternity

Regulatory Framework

First and current law: 1948. (Under a separate 1961 law, maternity benefits are provided to employees of factories and establishments not covered by the social insurance law of 1948.)

Type of program: Social insurance system. Cash and medical benefits.

Coverage

Employees of power-using manufacturing establishments with 10 workers or more and employees of non-power-using establishments with 20 workers or more.

Exclusions: Employees in seasonal, agricultural, and certain other sectors as well as other employees earning over 6,500 rupees a month.

Workers and their spouses and retired insured workers are covered for medical benefits in case of permanent disability.

Coverage is being extended gradually to different districts, and now about 677 industrial centers are covered.

Source of Funds

Insured person: 1.75% of earnings for employees whose average daily wage is at least 40 rupees. Ten rupees a month for medical benefits in case of permanent disability.

Employer: 4.75% of payroll of covered employees.

Government: State governments pay 12.5% of the cost of medical benefits.

Qualifying Conditions

Cash sickness benefits: Must be in insured employment for 78 days during a designated 6-month period.

Cash maternity benefits: Must be in insured employment for 70 days during two designated 6-month periods.

Medical benefits: Currently in insured employment or qualified for cash sickness benefit. Medical benefits for dependents are the same as for the insured person.

Sickness and Maternity Benefits

Sickness benefit: From 14 rupees to 125 rupees a day depending on wage class (benefit is increased by 40% for certain specified diseases). Benefit is payable after a 2-day waiting period for up to 91 days in any two consecutive designated 6-month periods; benefit may be extended for certain chronic illnesses for up to 2 years.

Family planning: Seven or 14 days of cash sickness benefit paid at double rate, plus additional days for complications, depending on the nature of the sterilization operation.

Maternity benefit: 100% of average earnings according to wage class; payable for up to 12 weeks (including no more than 6 weeks before the expected date of childbirth), 6 weeks in the case of a miscarriage. (The 1961 law requires noncovered employers to pay the same benefit to a woman employed for 80 days in the previous year.) Benefit may be extended by 4 weeks for medical reasons.

Workers' Medical Benefits

State governments arrange for the provision of medical care on behalf of the Employees' State Insurance Corporation, except in Delhi and the Noida area of Uttar Pradesh where the Corporation administers medical care directly. Services are variously provided in different states through social insurance dispensaries and hospitals, state government services, or private doctors under capitation contract. Benefits include medical treatment, surgery, specialist services, hospitalization, medicines, obstetric care, transportation, and appliances (spectacles and dentures are provided for insured persons only). The scale of services provided varies among states.

The duration of benefits is from 3 months to 1 year according to the insured's contribution record; duration may be extended for an additional 3 years for certain chronic diseases.

Dependents' Medical Benefits

Medical benefits for dependents: Currently provided in most states and districts. In most states, benefits include general practitioner care, medicines, specialist examinations, and hospitalization.

Funeral grant: A lump sum equal to the funeral cost, up to a maximum of 2,500 rupees. The grant is payable to the eldest member of the family or to the person incurring the funeral cost.

Administrative Organization

Ministry of Labor provides general supervision.

Employees' State Insurance Corporation, which is managed by a tripartite board and a director general, administers the program through regional and local offices.

State governments administer the provision of medical benefits through agreement with, and reimbursement by, the Employees' State Insurance Corporation.

Employees' State Insurance Corporation administers the provision of medical benefits in some cases.

Work Injury

Regulatory Framework

First law: 1923 (workmen's compensation).

Current law: 1948 (social insurance).

Type of program: Social insurance system.

Coverage

Employees of power-using manufacturing establishments with 10 workers or more, and employees of non-power-using establishments with 20 workers or more.

Exclusions: Employees in seasonal, agricultural, and certain other sectors as well as other employees earning over 6,500 rupees a month.

Source of Funds

Insured person: See Sickness and Maternity, above.

Employer: See Sickness and Maternity, above.

Government: See Sickness and Maternity, above.

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period.

Temporary Disability Benefits

The level of benefit varies, but the average is about 70% of earnings, according to 28 wage classes. Benefit is payable after the third day for the entire duration of the disability.

Permanent Disability Benefits

Permanent disability pension: For total disability, the benefit is 19.60 rupees up to maximum of 175 rupees a day, according to 28 wage classes.

Partial disability: A percentage of the full pension proportionate to the loss of earning capacity; small pensions may be paid in a lump sum.

Workers' Medical Benefits

State governments arrange for the provision of medical care on behalf of the Employees' State Insurance Corporation, except in Delhi and the Noida area of Uttar Pradesh where the Corporation administers medical care directly. Services are variously provided in different states through social insurance dispensaries and hospitals, state government services, or private doctors under capitation contract. Benefits include medical treatment, surgery, specialist services, hospitalization, medicines, obstetric care, transportation, artificial limbs, spectacles, dentures, and other appliances. The scale of services provided varies among states.

The duration of benefits is from 3 months to 1 year according to the insured's contribution record; duration may be extended for an additional 3 years for certain chronic diseases.

Survivor Benefits

Survivor pension

Widow's pension: 60% of the insured's total disability pension (the average benefit is equal to 70% of the deceased's earnings).

Orphan's pension: 40% of the insured's pension (the average benefit is equal to 70% of the deceased's earnings) for an orphan under age 18 (no age limit if disabled) or until an orphaned daughter marries.

Maximum widow's and orphan's pensions: 100% of the insured's pension; the average benefit is equal to 70% of the deceased's earnings.

Other eligible survivors (in the absence of the above):

Parents, grandparents, and other dependents under age 18; the maximum total pension for these other eligible survivors is 50% of the insured's pension.

Funeral grant: A lump sum equal to the funeral cost, up to a maximum of 2,500 rupees. The grant is payable to the oldest member of the family or to the person incurring the funeral cost.

Administrative Organization

Ministry of Labor provides general supervision.

Employees' State Insurance Corporation, which is managed by a tripartite board and a director general, administers the program through regional and local offices.

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Unemployment

Regulatory Framework

Labor law requires employers to provide a severance payment equal to 15 days' average pay for each year of employment.

Eleven states have instituted temporary unemployment programs funded by the government.