

Nepal

Exchange rate: US\$1.00 equals 73.45 rupees.

Old Age, Disability, and Survivors

Regulatory Framework

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

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

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 domestic servants.

Social assistance: Nepalese citizens aged 75 or older, aged 60 or older and a widow, or aged 16 or older and assessed as disabled.

Source of Funds

Provident fund

Insured person: 10% of monthly earnings.

Self-employed person: Not applicable.

Employer: 10% of monthly payroll. (Additional voluntary contributions may be made by employers 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: Total cost.

Qualifying Conditions

Old-age benefit (provident fund): Retirement or termination of employment. The legal retirement age is 55 years; retirement may be deferred in certain instances until age 60.

Additional benefit scheme: Paid at retirement age.

Loan scheme (provident fund): Loans are provided from the fund member's own 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): Nepalese citizens aged 75 or older.

Personal accident insurance (provident fund): In case of the permanent disability or accidental death of the fund member.

Disability pension (social assistance): Disabled Nepalese citizens aged 16 or older. The person must be assessed as blind or having lost the use of feet or hands.

Survivor benefit (provident fund): Payable for the death of the fund member.

Funeral grant (provident fund): Payable for the death of the fund member.

Survivor allowance (social assistance): Nepalese widows aged 60 or older who satisfy a means test (no personal income, not receiving family support, and not receiving a pension on behalf of a deceased husband).

Old-Age Benefits

Old-age benefit (provident fund): A lump sum equal to employer and employee contributions, plus 5.5% interest a year.

Additional benefit scheme: A lump sum calculated on the basis of the value of the old-age lump-sum benefit times 0.75% times the number of years of contributions, up to a maximum.

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 a maximum of 100% of basic salary.

Interest rate adjustment: Board of Directors of the Provident Fund decides the rate of interest on the basis of the fund's annual income.

Old-age allowance (social assistance): 150 rupees a month.

Permanent Disability Benefits

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

Disability pension (social assistance): 150 rupees a month.

Survivor Benefits

Survivor benefit (provident fund): 100% of the deceased fund member's lump-sum benefit. The benefit is payable to a named survivor or to the deceased's heirs. 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 for up to 7 years, up to a maximum of 100% of basic salary.

Interest rate adjustment: Board of Directors of the Provident Fund decides the rate of interest on the basis of the fund's annual income.

Funeral grant (provident fund): 5,000 rupees on the death of the covered fund member.

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

Survivor allowance (social assistance): 150 rupees a month.

Administrative Organization

Provident fund: The Employees' Provident Fund is an autonomous body operating under the general supervision of the Ministry of Finance.

Managed by a board of directors, the Employees Provident Fund (<http://www.epfnepal.com>) 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

Regulatory Framework

No statutory cash benefits are provided.

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

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.

Free medical treatment is provided to the elderly through government hospitals.

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

Work Injury

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 domestic servants.

Special system for miners.

Source of Funds

Insured person: None.

Self-employed person: Not applicable.

Employer: Total cost 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

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

The nature of required treatment and degree of disability are based on the assessment of a recognized doctor, according to the schedule in law.

Permanent Disability Benefits

Permanent disability benefit: A lump sum equal to 5 years' wages if 100% disabled.

Partial disability: A lump sum in proportion to the assessed degree of disability.

Workers' Medical Benefits

The total cost of necessary treatment.

Survivor Benefits

A lump sum equal to 3 years of the deceased's wages is payable to a dependent survivor.

Administrative Organization

Labor and Employment Promotion Department enforces the law.

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's 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' 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 to receive the cash benefit or the severance lump sum.