

India

Exchange rate: US\$1.00 = 68.30 rupees.

Old Age, Disability, and Survivors

Regulatory Framework

First and current laws: 1952 (employees' provident funds), 1972 (payment of gratuity), 1976 (employees' deposit-linked insurance), 1995 (employees' pension scheme), 1995 (national social assistance program), 2008 (unorganized workers' social security), and 2013 (pension fund regulatory and development authority).

Type of program: Social insurance, provident fund, employer-liability, and social assistance system.

Note: Employers who hire low-income workers without previous membership in the provident fund program can participate in the Pradhan Mantri Rojgar Protsahan Yojana (PMRPY) program. Under this program, the government subsidizes employer contributions to the social insurance and provident fund programs for each eligible worker for up to three years.

Note: A funeral grant is paid under Sickness and Maternity.

Coverage

Social insurance (old age, disability, and survivor pensions): Employed persons who became provident fund members on or after November 16, 1995.

Voluntary coverage is available.

Exclusions: Self-employed persons, agricultural workers, and members of cooperatives with fewer than 50 workers.

Special systems for certain public-sector employees.

Social insurance (survivor benefit) and provident fund:

Employed persons, including those engaged in casual, part-time, daily wage, and contract work, with monthly wages of up to 15,000 rupees working in firms with at least 20 workers in one of 186 categories of covered industry (the firm remains covered even if the number of employees falls below 20); employees of other types of businesses specified by law, including cooperatives with more than 50 employees.

Voluntary coverage for employees of covered firms with monthly wages above 15,000 rupees, with the employer's agreement; and for employees of firms with fewer than 20 workers if the employer and a majority of employees agree to contribute.

Employed persons covered by equivalent private occupational plans may opt out.

Exclusions: Self-employed persons, agricultural workers, and members of cooperatives with fewer than 50 workers.

Employer liability: Employees of factories, mines, oil fields, plantations, ports, railways, and businesses with at least 10 workers.

Exclusions: Self-employed persons, agricultural workers, and members of cooperatives with fewer than 50 workers. There is no coverage in the states of Jammu and Kashmir.

Special systems for coal miners, railway employees, and public-sector employees.

Social assistance: Needy older persons and poor households.

Special systems for informal-sector programs, certain artisans, and the rural landless.

Source of Funds

Insured person

Social insurance: None.

Provident fund: 12% of basic wages (10% for certain categories of industry; businesses covered before September 22, 1997, with fewer than 20 employees; and certain other cases).

The maximum monthly wages used to calculate contributions are 15,000 rupees.

Employer liability: None.

Social assistance: None.

Self-employed person

Social insurance: Not applicable.

Provident fund: Not applicable.

Employer liability: Not applicable.

Social assistance: None.

Employer

Social insurance: 8.33% of monthly payroll; none if aged 58 or older (old-age, disability, and survivor pensions), plus 0.5% of monthly payroll (survivor benefit).

The maximum monthly wages used to calculate contributions are 15,000 rupees.

Provident fund: 3.67% of monthly payroll plus 0.5% of monthly payroll for administrative costs; 8.33% of monthly payroll for employees aged 58 or older.

Employer liability: An average of 4% of monthly payroll.

Social assistance: None.

Government

Social insurance: 1.16% of the insured's basic wages (old-age, disability, and survivor pensions); pays the employer

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contribution for certain low-income workers for up to three years (for all benefits).

The maximum monthly wages used to calculate contributions are 15,000 rupees.

Provident fund: None.

Employer liability: None.

Social assistance: The total cost.

Qualifying Conditions

Old-age pension (Superannuation Pension, social insurance): Age 58 with at least 10 years of coverage.

Employment must cease.

Partial pension: Age 58 with less than 10 years of coverage.

Early pension: Age 50 with at least 10 years of coverage.

Deferred pension: The pension may be deferred until age 60.

Old-age benefit (provident fund): Age 58 and retired from covered employment; at any age if permanently emigrating, if covered employment ceases involuntarily, if employment ceases under a voluntary retirement program, if changing employment from an establishment covered by the program to one that is not, or under certain other conditions.

Early withdrawal: Partial withdrawals can be made before retirement for special purposes, including paying for life insurance, purchasing or building a home, loan repayment, a child's education or marriage, care costs for a serious illness, damage from a natural disaster, and costs related to the onset of a disability. Under certain conditions, the full account balance can be withdrawn before age 58.

Old-age benefit (Gratuity, employer liability): Must have at least five years of continuous employment.

Old-age pension (Indira Gandhi National Old-age Pension Scheme, social assistance, income tested): Age 60.

Income test: Annual income must not exceed a certain limit, which may vary across states.

Disability pension (Disablement Pension, social insurance): Must be assessed with a total incapacity for work and have at least one month of contributions.

Disability benefit (provident fund): Must be assessed with a permanent and total incapacity for normal work.

Disability benefit (Gratuity, employer liability): Must be assessed with an incapacity to work in the usual occupation that was caused by a disease or an accident.

Disability pension (Indira Gandhi National Disability Pension Scheme, social assistance, income tested): Must be aged 18 or older, and with an assessed degree of disability of at least 80%.

Income test: Annual income must not exceed a certain limit, which may vary across states.

Survivor pension (social insurance): The deceased had at least one month of contributions, regardless of whether the deceased was employed or retired at the time of death.

Eligible survivors include a widow(er) and up to two children younger than age 25 (no limit with a total and permanent disability). If there is no widow(er) or eligible orphan, the pension is paid to a named survivor or a dependent parent.

The widow(er)'s pension ceases upon (re)marriage.

Survivor benefit (Employees Deposit-Linked Insurance Scheme, social insurance): Paid to named beneficiaries, certain family members, or legal heirs if the fund member dies before withdrawing his or her full provident fund account balance.

Survivor benefit (provident fund): Paid to named beneficiaries, certain family members, or legal heirs if the fund member dies before withdrawing his or her full account balance.

Survivor benefit (Gratuity, employer liability): Paid to an employee's family members or named survivors if he or she dies as the result of an illness or an accident.

Widow's pension (Indira Gandhi National Widow Pension Scheme, social assistance, income tested): Paid to widows aged 40 or older.

Income test: Annual income must not exceed a certain limit, which may vary across states.

Survivor grant (social assistance): Paid to needy households (under the National Family Benefit Scheme) when the primary breadwinner aged 18 to 64 dies.

Old-Age Benefits

Old-age pension (Superannuation Pension, social insurance): A monthly pension is paid based on the insured's pensionable service and wages.

The minimum monthly old-age pension is 1,000 rupees.

Partial pension: A lump sum of total employee and employer contributions plus accrued interest minus previous withdrawals is paid.

Early pension: The pension is reduced by 4% for each year it is claimed before the normal retirement age.

Deferred pension: The pension is increased by 4% for one year of deferral; 8.16% for two years.

Benefit adjustment: Benefits are adjusted annually by the central government based on an actuarial evaluation.

Old-age benefit (provident fund): A lump sum of total employee and employer contributions plus accrued interest minus previous withdrawals is paid.

Early withdrawal: The total employee and employer contributions plus accrued interest may be withdrawn. Withdrawals are subject to certain limits based on the type of withdrawal, the fund member's account balance, and length of contributions. The maximum withdrawal to purchase property is 36 months of wages.

Old-age benefit (Gratuity, employer liability): A lump sum of 15 days of the employee's last daily wages for each year of continuous service is paid (a reduced amount is paid for each partial year exceeding six months). For seasonal employees, employers pay at the rate of seven days of wages for each season worked.

The maximum employer-liability old-age benefit is 400,000 rupees.

Old-age pension (Indira Gandhi National Old-age Pension Scheme, social assistance, income tested): A basic pension of 200 rupees a month is paid if aged 60 to 79; 500 rupees a month if aged 80 or older. Additional amounts may be paid and vary by state.

Permanent Disability Benefits

Disability pension (Disablement Pension, social insurance): A monthly pension based on the insured's pensionable wages is paid; under certain conditions the pension may be paid as a lump sum of total employee and employer contributions plus accrued interest.

The minimum monthly wages used to calculate benefits are 250 rupees.

The minimum monthly disability pension is 1,000 rupees.

Benefit adjustment: Benefits are adjusted annually by the central government based on an actuarial evaluation.

Disability benefit (provident fund): A lump sum of total employee and employer contributions plus accrued interest minus previous withdrawals is paid.

Disability benefit (Gratuity, employer liability): A lump sum of 15 days of the employee's last daily wages is paid for each year of continuous service before the disability began (a reduced amount is paid for each partial year exceeding six months). For seasonal employees, employers pay the gratuity at the rate of seven days of wages for each season worked.

The maximum employer-liability disability benefit is 350,000 rupees.

Disability pension (Indira Gandhi National Disability Pension Scheme, social assistance, income tested): A basic pension of 300 rupees a month is paid. Additional amounts may be paid and vary by state.

Survivor Benefits

Survivor pension (social insurance)

Spouse's pension (widow pension): 50% of the social insurance old-age or disability pension the deceased received or was entitled to receive is paid.

The minimum monthly spouse's pension is 450 rupees.

Orphan's pension (children pension): 25% of the spouse's pension is paid; 75% for full orphans.

The minimum monthly orphan's pension is 150 rupees (250 rupees for full orphans).

Other eligible survivors' pension: Up to 75% of the social insurance old-age or disability pension the deceased received or was entitled to receive is paid.

Benefit adjustment: Benefits are adjusted annually by the central government based on an actuarial evaluation.

Survivor benefit (Employees Deposit-Linked Insurance Scheme, social insurance): A lump sum of the average balance of the deceased's provident fund account in the 12 months before death or in the entire period of membership, whichever is less, is paid.

The maximum social insurance survivor benefit is 600,000 rupees.

The social insurance survivor benefit is paid in addition to the provident fund survivor benefit.

Survivor benefit (provident fund): A lump sum of total employee and employer contributions plus accrued interest minus previous withdrawals is paid to a named survivor or split equally among all eligible family members.

Survivor benefit (Gratuity, employer liability): A lump sum of 15 days of the deceased's last daily wages is paid for each year of continuous service (a reduced amount is paid for each partial year exceeding six months). When seasonal employees die, employers pay the gratuity at the rate of seven days of wages for each season worked.

The maximum employer-liability survivor benefit is 350,000 rupees.

Widow's pension (Indira Gandhi National Widow Pension Scheme, social assistance, income tested): 300 rupees a month is paid.

Survivor grant (social assistance): A lump sum of 20,000 rupees is paid.

Administrative Organization

Ministry of Labour and Employment (<https://labour.gov.in/>) provides general supervision for most programs.

Employees' Provident Fund Organisation (https://www.epfindia.gov.in/site_en/index.php) administers the social insurance and provident fund program through regional, subregional, inspectorate, and subaccount offices.

Central Board of Trustees of the Employees' Provident Fund, through a tripartite body comprising representatives of government, employers, and employees, administers the provident fund program.

Central and state authorities administer the employer-liability program.

Ministry of Rural Development (<https://rural.nic.in/>) provides general supervision for the social assistance program.

National Social Assistance Programme administers the social assistance program.

Sickness and Maternity

Regulatory Framework

First and current laws: 1948 (employees' state insurance), 1995 (social assistance), and 2008 (unorganized workers' social security).

Type of program: Social insurance and social assistance system.

Note: Under a 1961 law (Maternity Benefit Act), implemented in 1963, employers provide maternity benefits to employees in factories and establishments not covered by the Employees' State Insurance Act of 1948.

Coverage

Social insurance: Employees with monthly earnings of up to 21,000 rupees (no limit for persons with disabilities) and working in a factory or firm with at least 10 workers (20 workers in the states of Maharashtra and Chandigarh).

Employees working for government-run firms covered by equivalent private plans may opt out.

Coverage is being extended gradually, with 526 districts currently covered. (The program has not been implemented in the state of Arunachal Pradesh and the union territory of Lakshadweep.)

Voluntary coverage for medical benefits is available to previously insured retired persons with at least five years of contributions or who are permanently disabled due to work injury.

Exclusions: Self-employed persons, seasonal workers (working less than seven months a year), agricultural workers, and workers in certain other sectors.

Social assistance: Needy women.

A national health insurance program covers qualified hospitalization and transport costs for needy individuals in most states.

Special systems for informal-sector workers and certain artisans.

Source of Funds

Insured person

Social insurance: 1.75% of wages; insured persons in areas where the program is first implemented pay a reduced rate of 1% of wages for up to two years.

The minimum average daily wages used to calculate contributions is 138 rupees.

The insured person's contributions also finance work injury benefits and the unemployment allowance.

Voluntarily insured persons pay a flat-rate contribution of 10 rupees a month (medical benefits).

Social assistance: None.

Self-employed person

Social insurance: Not applicable.

Social assistance: None.

Employer

Social insurance: 4.75% of payroll; employers in areas where the program is first implemented pay a reduced rate of 3% of payroll for up to two years.

There are no minimum wages used to calculate contributions.

The employer's contributions also finance work injury benefits and the unemployment allowance.

Social assistance: None.

Government

Social insurance: State governments pay 12.5% of the cost of medical benefits; contributes as an employer.

State government contributions also finance work injury medical benefits and the cost of necessary medical care for unemployment allowance beneficiaries and their dependents.

Social assistance: The total cost.

Qualifying Conditions

Cash sickness benefit (social insurance): Must have been in covered employment for at least 78 days in a six-month period before the incapacity began.

Family planning (Enhanced Sickness Benefits): Paid to an insured person who has undergone a sterilization procedure.

Extended sickness benefit: Must be younger than age 60, diagnosed with any of 34 malignant and long-term diseases, and have exhausted normal cash sickness benefits. Must have been in continuous employment for at least two years, and have at least 156 days of contributions in four designated and consecutive six-month periods before the incapacity began.

Cash maternity benefit (social insurance): Must have been in covered employment for at least 70 days in two designated and consecutive six-month periods before childbirth.

Confinement grant: Paid to an insured woman or the wife of an insured man who gives birth in a health facility not registered with the Employees' State Insurance Corporation.

Maternity grant (Janani Suraksha Yojana, social assistance, income tested): Paid to needy women aged 19 or older who give birth in a government health facility.

Income test: Annual income must not exceed a certain limit, which may vary across states.

Medical benefits (social insurance): There is no minimum qualifying period.

Funeral grant (Funeral Expenses, social insurance): Paid when an insured person dies.

Sickness and Maternity Benefits

Sickness benefit (social insurance): 70% of the insured's average daily wages is paid after a two-day waiting period for up to 91 days in any two consecutive designated six-month periods; 80% of the insured's average daily wages for up to 124 days in a two-year period for specified long-term diseases.

Average daily wages are based on the insured's wages in the last six months.

Family planning (Enhanced Sickness Benefits): 100% of the insured's average daily wages are paid for seven days (men) or 14 days (women); may be extended if there are complications.

Extended sickness benefit: 80% of the insured's average daily wages is paid for up to 124 days; may be extended to 309 days under certain conditions and up to two years with a recommendation from the medical board.

Maternity benefit (social insurance): 100% of the insured's average wages in the last six months is paid for up to 26 weeks (including up to six weeks before the expected date of childbirth) for the first two children; 12 weeks for three or more children; six weeks in the case of a miscarriage. The benefit may be extended by four weeks for medical reasons.

The benefit is paid for 12 weeks for an adopted child younger than three months of age.

The minimum daily maternity benefit is 25 rupees.

Confinement grant: A lump sum of 5,000 rupees is paid.

Maternity grant (Janani Suraksha Yojana, social assistance, income tested): A lump sum of 600 rupees to 1,400 rupees is paid, depending on the geographic area. The grant is limited to two live births in states designated as high performing.

Funeral grant (Funeral Expenses, social insurance):

A lump sum of up to 10,000 rupees is paid to the oldest member of the deceased's family or to the person who pays for the funeral.

Workers' Medical Benefits

Medical care is provided in different states through social insurance dispensaries and hospitals, state government services, or private doctors under contract. Benefits include outpatient treatment, specialist consultations, hospitalization, surgery and obstetric care, imaging and laboratory services, and transportation. Drugs, dressings, artificial limbs, aids, and appliances are provided free-of-charge.

Benefits are provided for three months to three years, depending on the insured's contribution record.

Dependents' Medical Benefits

Medical benefits for dependents are the same as those for the insured. Eligible dependents include a spouse, children up to age 21 (age 25 if a student, no limit if disabled or an unmarried daughter), a widowed mother, and dependent parents who meet an income test.

Administrative Organization

Ministry of Labour and Employment (<https://labour.gov.in/>) provides general supervision.

Employees' State Insurance Corporation (<https://www.esic.nic.in/>), managed by a tripartite board and a Director General, collects contributions and administers the social insurance program through regional and local offices.

State governments oversee the provision of medical benefits through agreement with and reimbursement by the Employees' State Insurance Corporation, except in the National Capital Territory of Delhi and model hospitals where the Corporation provides medical benefits directly.

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

The Ministry of Health and Family Welfare (<https://mohfw.gov.in/>) administers the social assistance program.

Work Injury

Regulatory Framework

First law: 1923 (employee's compensation).

Current law: 1948 (employees' state insurance).

Type of program: Social insurance system.

Coverage

Employees with monthly earnings of up to 21,000 rupees (no limit for persons with disabilities) and working in a factory or firm with at least 10 workers (20 workers in the states of Maharashtra and Chandigarh).

Employees working for government-run firms covered by equivalent private plans may opt out.

Coverage is being extended gradually, with 526 districts currently covered. (The program has not been implemented in the state of Arunachal Pradesh.)

Exclusions: Self-employed persons, seasonal workers (working less than seven months a year), agricultural workers, and workers in certain other sectors.

Source of Funds

Insured person: See source of funds under Sickness and Maternity.

Self-employed person: Not applicable.

Employer: See source of funds under Sickness and Maternity.

Government: See source of funds under Sickness and Maternity.

Qualifying Conditions

Must be assessed with a work injury or occupational disease. Accidents that occur while commuting to and from work are covered.

Temporary Disability Benefits

90% of the insured's average daily wages is paid for the duration of the disability (must last at least three days). There is no maximum duration of payments.

Average daily wages are based on the insured's wages in the last six months.

Permanent Disability Benefits

Permanent disability pension (Permanent Disablement Benefit): A monthly pension is paid depending on the assessed loss of earning capacity.

Separate medical boards assess the loss of earning capacity resulting from a work injury or an occupational disease, and determine the duration of payments.

The maximum daily permanent disability pension is 90% of the insured's average daily wages in the last six months before the disability began.

If the daily benefit is 10 rupees or less and the total value of the benefit does not exceed 60,000 rupees, the benefit may be paid as a lump sum.

Partial disability: A percentage of the full permanent disability pension is paid based on the assessed loss of earning capacity.

Benefit adjustment: The Employees' State Insurance Corporation periodically reviews benefits and adjusts them for inflation.

Workers' Medical Benefits

Services are provided in different states through social insurance dispensaries and hospitals, state government services, or private doctors under contract. Benefits include outpatient treatment; specialist consultations; hospitalization; surgery; obstetric care; imaging and laboratory services; transportation; and free medicine, dressings, artificial limbs, aids, and appliances.

Survivor Benefits

Survivor pension (Dependent Benefit)

Spouse's pension: 60% of the disability pension the deceased received or was entitled to receive is paid to the widow(er). If there is more than one widow, the benefit is split equally.

Orphan's and widowed mother's pension: 40% of the disability pension the deceased received or was entitled to receive is paid for an orphan younger than age 25 (no limit if disabled or an unmarried daughter) and widowed mother.

Other eligible survivors' pension: If there is no eligible widow(er), orphan, or widowed mother, up to 40% of the disability pension the deceased received or was entitled to receive is paid to other eligible survivors, including the deceased's father, widowed mother-in-law, grandparents; 20% for other dependents younger than age 18 (no limit if an unmarried female).

The minimum monthly combined survivor pension is 1,200 rupees.

The maximum combined survivor pension is 100% of the disability pension the deceased received or was entitled to receive.

Funeral grant: A lump sum of up to 10,000 rupees is paid to the oldest member of the family or to the person who pays for the funeral.

Administrative Organization

Ministry of Labour and Employment (<https://labour.gov.in/>) provides general supervision.

Employees' State Insurance Corporation (<https://www.esic.nic.in/>), managed by a tripartite board and a Director General, administers the program through regional and local offices.

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

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

Unemployment

Regulatory Framework

First and current laws: 1948 (state insurance) and 2005 (rural employment guarantee).

Type of program: Social insurance and social assistance system.

Coverage

Social insurance: Employees with monthly earnings of up to 21,000 rupees (no limit for persons with disabilities) and working in a factory or firm with at least 10 workers (20 workers in the states of Maharashtra and Chandigarh).

Exclusions: Self-employed persons.

Social assistance: Households in qualified rural areas.

Source of Funds

Insured person

Social insurance: See source of funds under Sickness and Maternity.

Social assistance: None.

Self-employed person

Social insurance: Not applicable.

Social assistance: None.

Employer

Social insurance: See source of funds under Sickness and Maternity.

Social assistance: None.

Government

Social insurance: See source of funds under Sickness and Maternity.

Social assistance: The total cost is financed by state governments.

Qualifying Conditions

Unemployment allowance (Rajiv Gandhi Shramik Kalyan Yojana [RGSKY], social insurance): Must have at least three years of contributions and be unemployed due to a factory or firm closure, retrenchment, or an assessed nonwork-related disability of at least 40%.

Unemployment benefit (Mahatma Gandhi National Rural Employment Guarantee [MGNREGA], social assistance): A member of the household must volunteer to do unskilled manual work in qualified rural areas.

Unemployment Benefits

Unemployment allowance (Rajiv Gandhi Shramik Kalyan Yojana [RGSKY], social insurance): 50% of the insured's average daily wages in the two years before unemployment is paid for up to one year; 25% for up to one additional year.

Free medical care is also provided to insured persons and their dependents.

Unemployment benefit (Mahatma Gandhi National Rural Employment Guarantee [MGNREGA], social assistance): At least 100 days of unskilled manual work at minimum wage are guaranteed.

Administrative Organization

Employees' State Insurance Corporation (<https://www.esic.nic.in>), managed by a tripartite board and a Director General, administers the social insurance program through regional and local offices.

Ministry of Rural Development administers the social assistance program (National Rural Employment Guarantee, <http://www.nrega.nic.in>).