

India

Exchange rate: US\$1.00 equals 45.10 rupees.

Old Age, Disability, and Survivors

Regulatory Framework

First and current laws: 1952 (employees' provident funds), with amendments; 1972 (payment of gratuity), 1976 (employees' deposit-linked insurance), 1995 (employees' pension scheme); and 1995 (national social assistance program).

Type of program: Provident fund with survivor (deposit-linked) insurance and pension fund; gratuity schemes for industrial workers; and social assistance system.

Note: In 2004, a voluntary old-age, disability, and survivors benefits scheme, part of the Unorganized Sector Social Security Scheme for employees and self-employed persons aged 36 to 50 with monthly earnings of 6,500 rupees or less but without mandatory coverage, was introduced as a pilot program in 50 districts. Contributions are income related and flat rate.

Coverage

Provident fund and survivor (deposit-linked) insurance: Employees, including casual, part-time, daily wage workers, and those employed through contractors, with monthly earnings of 6,500 rupees or less working in establishments with a minimum of 20 employees in one of the 182 categories of covered industry (the establishment remains covered even if the number of employees falls below 20); employees of other establishments specified by law, including cooperatives with more than 50 employees and establishments with less than 20 employees; newspaper employees; and cinema and theatres employing 5 or more persons.

Employees covered by equivalent occupational private plans may contract out.

Voluntary coverage for employees of covered establishments with monthly earnings of more than 6,500 rupees, with the agreement of the employer. Voluntary coverage for establishment with less than 20 employees if the employer and majority of the employees agree to contribute.

Exclusions: The self-employed, agricultural workers, and cooperatives employing less than 50 workers.

Pension scheme: Employees with monthly earnings of 6,500 rupees or less.

Voluntary coverage is possible.

Exclusions: The self-employed, agricultural workers, and cooperatives employing less than 50 workers.

Gratuity scheme: Employees of factories, mines, oilfields, plantations, ports, railways, and shops with at least 10 workers.

Exclusions: The self-employed, agricultural workers, and cooperatives employing less 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 elderly persons and poor households on the death of the primary breadwinner.

Source of Funds

Insured person

Provident fund: 12% of basic wages (10% of basic wages in five specified categories of covered industry) in covered establishments with less than 20 employees and some other specific cases.

The maximum monthly earnings for contribution purposes are 6,500 rupees.

Survivor (deposit-linked) insurance scheme: None.

Pension scheme: None.

Gratuity scheme: None.

Social assistance: None.

Self-employed person

Provident fund: Not applicable.

Survivor (deposit-linked) insurance scheme: Not applicable.

Pension scheme: Not applicable.

Gratuity scheme: Not applicable.

Social assistance: None.

Employer

Provident fund: 3.67% of payroll. Employers pay an additional 1.1% of payroll a month for administrative costs.

Survivor (deposit-linked) insurance scheme: 0.5% of payroll, plus 0.01% of payroll for administrative costs.

The maximum monthly earnings for contribution purpose are 6,500 rupees.

Pension scheme: 8.33% of payroll.

The maximum monthly earnings for contribution purpose are 6,500 rupees.

Gratuity scheme: An average of 4% of payroll.

Social assistance: None.

Government

Provident fund: None.

Survivor (deposit-linked) insurance scheme: None.

Pension scheme: 1.16% of the insured's basic wages.

The maximum monthly earnings for contribution purpose are 6,500 rupees.

Gratuity scheme: None.

Social assistance: Total cost.

Qualifying Conditions

Old-age benefits

Provident fund: Age 55 and retired from covered employment; at any age if leaving the country permanently, if covered employment ends involuntarily, 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 after 2 months of unemployment.

Early retirement: Age 54 or within one year before actual retirement, whichever is later.

Drawdown payment: Partial drawdown is permitted before retirement for special purposes, including the purchase of life insurance; the purchase or construction of a home; loan repayment; to pay for children's education fees, a child's marriage, or care costs for a serious illness; to compensate for damage resulting from a natural disaster; or to meet costs relating to the onset of disability.

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

Early pension: Age 50 with a minimum of 10 years' coverage. Employment must cease.

Gratuity scheme: Five years of continuous employment.

Old-age pension (social assistance): Needy elderly persons aged 65 or older.

Disability benefits

Provident fund: Permanent and total incapacity for normal work.

Pension scheme: Permanently and totally disabled as the result of an occupational injury. The insured must have at least 1 month of contributions.

Gratuity scheme: A disability caused by a disease or an accident.

Survivor benefits

Provident fund: Payable for the death of the provident fund member before retirement.

Survivor (deposit-linked) insurance scheme: Payable for the death of the provident fund member before retirement.

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

Gratuity scheme: Payable for the death of the insured as the result of an illness or an accident.

Survivor grant (social assistance): Payable to needy households (under the National Family Benefit Scheme) on the death of the primary breadwinner between ages 18 and 65.

Old-Age Benefits

Old-age benefits

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

Drawdown payment: According to circumstances, the minimum payment varies between a sum equal to 1 month's wages to all the employee and employer contributions with accrued interest.

Pension scheme: For 10 years of coverage or more, a monthly pension based on a member's pensionable service and salary, subject to a minimum pension; with less than 10 years, a lump sum equal to total employee and employer contributions plus interest.

Optionally, one-third of the pension can be taken as a lump sum.

There are no fixed amounts for the minimum and maximum pension.

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

Pension adjustment: The pension is adjusted by central government annually according to an actuarial evaluation.

Gratuity scheme: Based on the insured's final salary, a lump sum equal to 15 days' wages for each year of continuous service (a reduced amount is paid for part years in excess of 6 months).

The maximum award is 350,000 rupees.

For seasonal employees, employers pay the gratuity at the rate of 7 days' wages for each season worked.

Old-age pension (social assistance): 75 rupees a month.

Permanent Disability Benefits

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.

Pension adjustment: The pension is adjusted by central government annually according to an actuarial evaluation.

Gratuity scheme: Based on the insured's last wage, a lump sum equal to 15 days' wages for each year of continuous service before the onset of disability (a reduced amount is paid for part years in excess of 6 months).

The maximum award is 350,000 rupees.

For seasonal employees, employers pay the gratuity at the rate of 7 days' wages for each season worked.

Social assistance (disability): No benefits are provided.

Survivor Benefits

Survivor benefits

Provident fund: A lump sum equal to total employee and employer contributions plus interest. The lump sum is payable to a named survivor or to every member of the deceased's family in equal share.

Death grant: Up to 2,000 rupees.

Survivor (deposit-linked) insurance scheme: A lump sum equal to the average balance of the deceased's provident fund account during the 12 months before death or during the period of membership, whichever is less.

The maximum award is 60,000 rupees (and is paid in addition to the provident fund survivor benefit).

Widow(er)'s pension (pension scheme): 50% of the deceased's pension. The pension is payable until the remarriage of the widow(er).

The minimum monthly pension is 450 rupees.

Orphan's pension (pension scheme): Payable for one or two orphans up to age 25 (no limit if totally and permanently disabled). The pension is equal to 25% of the widow(er)'s pension, subject to a minimum of 150 rupees a month; full orphans receive 75% of the widow(er)'s pension, subject to a minimum of 250 rupees a month.

Other eligible survivors (pension scheme): In the absence of the above, up to 75% of the deceased's pension is payable to a named survivor or to a dependent father or mother.

Pension adjustment: The pension is adjusted by central government annually according to an actuarial evaluation.

Gratuity scheme: Based on the deceased's last wage, a lump sum equal to 15 days' wages for each year of continuous service (a reduced amount is paid for part years in excess of 6 months). The benefit is payable to a named survivor or to the deceased's heirs.

The maximum award is 350,000 rupees.

For the death of seasonal employees, employers pay the gratuity at the rate of 7 days' wages for each season worked.

Funeral grant: See Sickness and Maternity, below.

Survivor grant (social assistance): A lump sum equal to 10,000 rupees.

Administrative Organization

Ministry of Labor (<http://labour.nic.in>) provides general supervision for all schemes.

Employees' Provident Fund Organization (<http://www.epfindia.com>) 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.

National Social Assistance Scheme administers social assistance old-age pensions.

National Family Benefit Scheme administers survivor grants.

Sickness and Maternity

Regulatory Framework

First and current laws: 1948 (employees' state insurance) and 1995 (social assistance).

Type of program: Social insurance and social assistance system.

Notes: Under a 1961 law, maternity benefits are provided by employers to employees in factories and establishments not covered by the 1948 law.

In 2004, a voluntary sickness and maternity benefits scheme, part of the Unorganized Sector Social Security Scheme for employees and self-employed persons aged 36 to 50 with monthly earnings of 6,500 rupees or less but without mandatory coverage, was introduced as a pilot program in 50 districts. Contributions are income related and flat rate.

Coverage

Social insurance: Employees with monthly earnings of 6,500 rupees or less, working in power-using manufacturing establishments with 10 workers or more or in nonpower-using establishments with 20 workers or more, including shops, hotels, restaurants, cinemas, road transport agencies, and newspaper establishments.

Employees of establishments run by the government that are covered by equivalent private plans may contract out.

Coverage is being extended gradually to different districts, with 677 industrial centers currently covered. (The scheme still does not apply to the states of Nagaland, Manipur, Tripura, Sikkim, Arunachal Pradesh, and Mizoram.)

Exclusions: The self-employed, employees in seasonal work (less than 7 months a year), agricultural workers, and workers in certain other sectors.

Voluntary coverage for medical benefits is available to previously insured retired persons through the payment of a flat-rate monthly contribution of 10 rupees.

Social assistance: Needy pregnant women may receive assistance for the first two births.

Source of Funds

Insured person

Social insurance: 1.75% of earnings for employees whose average daily wage is at least 40 rupees (plus an annual lump sum paid in advance for medical benefits).

The above contributions also finance work injury benefits.

Social assistance: None.

Self-employed person

Social insurance: Not applicable.

Social assistance: None.

Employer

Social insurance: 4.75% of payroll for covered employees; the cost of maternity benefits for employees not covered by the 1948 law.

The above payroll contributions also finance work injury benefits.

Social assistance: None.

Government

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

The above contributions also finance work injury medical benefits.

Social assistance: Total cost.

Qualifying Conditions

Cash sickness benefits (social insurance): In insured employment for 78 days during a 6-month period within the last 15 months.

Cash maternity benefits (social insurance): In insured employment for 70 days during two designated and consecutive 6-month periods.

Cash maternity grant (social assistance): Payable to needy pregnant women aged 19 or older for the first two live births.

Funeral grant (social insurance): Payable for the death of the insured.

Medical benefits: Currently in insured employment or qualified for cash sickness benefit.

Sickness and Maternity Benefits

Sickness benefit: The benefit varies but is around 50% of the average daily wage. The benefit is payable after a 2-day waiting period for up to 91 days in any two consecutive designated 6-month periods.

Family planning (sterilization): Cash sickness benefit is paid at double rate for 7 days (men) or 14 days (women); may be extended in case of complications.

Maternity benefit: 100% of average earnings according to wage class is payable for up to 12 weeks (including a maximum of 6 weeks before the expected date of childbirth); 6 weeks in the case of a miscarriage. The benefit may be extended by 4 weeks for medical reasons.

The minimum daily benefit is 10 rupees.

Cash maternity grant (social assistance): A lump sum of 500 rupees.

Funeral grant (social insurance): 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 paying for the funeral.

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 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; transportation; and the free supply of drugs, dressings, artificial limbs, aids, and 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.

Dependents' Medical Benefits

Benefits are currently provided in most states and districts. Benefits are the same as those of the insured, except there is no coverage for hospitalization.

Eligible dependents are the spouse, children until age 18 (age 21 if a student, no limit if disabled), a widowed mother, an unmarried daughter, and dependent parents.

Administrative Organization

Ministry of Labor (<http://labour.nic.in>) provides general supervision.

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

National Maternity Benefit Scheme administers cash maternity grants.

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 (employees' state insurance).

Type of program: Social insurance system.

Coverage

Employees with monthly earnings of 6,500 rupees or less working in power-using manufacturing establishments with 10 workers or more or in nonpower-using establishments with 20 workers or more, including shops, hotels, restaurants,

cinemas, road transport agencies, and newspaper establishments.

Employees of establishments run by the government that are covered by equivalent private plans may contract out.

Coverage is being extended gradually to different districts, with 677 industrial centers currently covered. The scheme still does not apply to the states of Nagaland, Manipur, Tripura, Sikkim, Arunachal Pradesh, and Mizoram.

Exclusions: Employees in seasonal work (less than 7 months a year), agricultural workers, and workers in certain other sectors.

Source of Funds

Insured person: See source of funds under Sickness and Maternity, above, plus 10 rupees a month paid annually in advance as a lump sum for the permanent disability pension.

Self-employed person: Not applicable.

Employer: See source of funds under Sickness and Maternity, above.

Government: See source of funds under Sickness and Maternity, above.

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period.

Temporary Disability Benefits

The benefit is 40% more than would be payable for normal sickness benefit (approximately 85% of the average daily wage). The benefit is payable after a 3-day waiting period for the duration of the disability.

Separate medical boards assess the loss of earning capacity resulting from a work injury or an occupational disease.

Permanent Disability Benefits

Permanent disability pension: The pension is paid in proportion to the assessed loss of earning capacity. The duration of the pension is determined by the medical board.

Separate medical boards assess the loss of earning capacity resulting from a work injury or an occupational disease.

The maximum pension is equal to the temporary disability benefit.

A pension equal to no more than 5 rupees a day may be paid as a lump sum, provided the total value of the pension for the duration of the award period does not exceed 30,000 rupees.

Partial disability: A percentage of the full pension in proportion to the loss of earning capacity.

Benefit adjustment: Pensions are reviewed periodically by the Employees' State Insurance Corporation and adjusted for inflation.

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 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; transportation; and the free supply of drugs, dressings, artificial limbs, aids, and appliances. The scale of services provided varies among states.

Survivor Benefits

Survivor pension

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

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

Eligible dependents are the spouse, a child until age 18 (age 21 if a student, no limit if disabled), a widowed mother, an unmarried daughter without age conditions, and dependent parents.

The maximum total survivor pension is 100% of the deceased's pension.

Other eligible survivors (in the absence of the above): Parents, grandparents, and other dependents younger than age 18.

The minimum daily benefit is 14 rupees.

The maximum total pension for other eligible survivors is 50% of the deceased'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 who pays for the funeral.

Administrative Organization

Ministry of Labor (<http://labour.nic.in>) provides general supervision.

Employees' State Insurance Corporation (<http://www.esic.nic.in>), 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.

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.