

## India

Exchange rate: US\$1.00 equals 42.40 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 pilot program for a voluntary old-age, disability, and survivors benefits scheme was introduced in 50 districts as 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 and without mandatory coverage. Contributions are income related and flat rate.

#### Coverage

##### Provident fund and survivor (deposit-linked) insurance:

Employees, including casual, part-time, and daily wage workers and those employed through contractors, with monthly earnings of 6,500 rupees or less working in establishments with at least 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; newspaper employees; and cinemas and theaters 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 establishments with less than 20 employees if the employer and a majority of the employees agree to contribute.

Exclusions: Self-employed persons, 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: Self-employed persons, agricultural workers, and cooperatives employing less than 50 workers.

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

Exclusions: Self-employed persons, 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 older persons and poor households on the death of the primary breadwinner.

#### Source of Funds

##### Insured person

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

The maximum monthly earnings for contribution calculation 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 monthly payroll, plus 1.1% of monthly payroll for administrative costs.

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

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

**Pension scheme:** 8.33% of monthly payroll.

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

**Gratuity scheme:** An average of 4% of monthly payroll.

**Social assistance:** None.

##### Government

**Provident fund:** None.

**Survivor (deposit-linked) insurance scheme:** None.

*Pension scheme:* 1.17% of the insured's basic wages.

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

*Gratuity scheme:* None.

*Social assistance:* The 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.

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

Under certain circumstances, the full amount can be drawn down before age 55.

*Pension scheme:* Age 58 or retired with at least 10 years of coverage.

*Early pension:* Age 50 with at least 10 years of coverage. Employment must cease.

*Gratuity scheme:* Must have at least 5 years of continuous employment.

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

#### Disability benefits

*Provident fund:* Must be assessed with a permanent and total incapacity for normal work.

*Pension scheme:* Must be assessed as permanently and totally disabled as the result of an occupational injury. The insured must have at least 1 month of contributions.

*Gratuity scheme:* Paid for an assessed disability caused by a disease or an accident.

#### Survivor benefits

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

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

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

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

*Survivor grant (social assistance):* Paid 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 is paid equal to total employee and employer contributions plus interest.

*Drawdown payment:* According to circumstances, the value of the minimum payment varies from 1 month of wages to total employee and employer contributions plus accrued interest.

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

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

There is no minimum or 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 annually by the central government according to an actuarial evaluation.

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

The maximum benefit 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 is paid.

### Permanent Disability Benefits

#### Disability benefits

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

*Pension scheme:* A monthly pension is paid based on the member's pensionable earnings subject to a minimum of 250 rupees or a lump sum is paid equal to total employee and employer contributions plus interest.

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

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

The maximum benefit is 350,000 rupees.

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

*Social assistance (disability):* No benefits are provided.

## Survivor Benefits

### Survivor benefits

*Provident fund:* A lump sum is paid equal to total employee and employer contributions plus interest. The lump sum is paid to a named survivor or split equally among all members of the deceased's family.

Death grant: Up to 2,000 rupees is paid.

*Survivor (deposit-linked) insurance scheme:* A lump sum is paid 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 benefit 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 is paid. The pension ceases on the remarriage of the widow(er).

The minimum monthly pension is 450 rupees.

*Orphan's pension (pension scheme):* Paid 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 a surviving widow(er) or children, up to 75% of the deceased's pension is paid to a named survivor or to a dependent father or mother.

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

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

The maximum benefit is 350,000 rupees.

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

*Funeral grant:* See Sickness and Maternity, below.

*Survivor grant (social assistance):* A lump sum of 10,000 rupees is paid.

## Administrative Organization

Ministry of Labour and Employment (<http://www.labour.nic.in>) provides general supervision for all schemes.

Employees' Provident Fund Organisation (<http://www.epfindia.com>) is organized and administered through regional, subregional, inspectorate, and subaccount offices.

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

Gratuity scheme is administered by central and state authorities.

National Social Assistance Program 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 benefit act), implemented in 1963, maternity benefits are provided by employers to employees in factories and establishments not covered by the Employees' State Insurance Act of 1948.

In 2004, a pilot program for a voluntary sickness and maternity benefits scheme was introduced in 50 districts as 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 and without mandatory coverage. Contributions are income related and flat rate.

### Coverage

**Social insurance:** Employees earning 10,000 rupees or less a month and working in certain businesses with at least 20 workers (10 workers in manufacturing).

Employees working for government-run businesses that are covered by equivalent private plans may contract out.

Coverage is being extended gradually to different districts, with 737 industrial centers currently covered. (The scheme still does not apply to the states of Manipur, Tripura, Sikkim, Arunachal Pradesh, or Mizoram.)

Exclusions: Self-employed persons, seasonal workers (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.

**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 70 rupees.

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

Voluntarily insured persons pay a flat-rate of 10 rupees a month for medical 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 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.

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 benefits (social insurance):** Must have been in insured employment for at least 78 days during a 6-month period.

**Cash maternity benefits (social insurance):** Must have been in insured employment for at least 70 days during two designated and consecutive 6-month periods.

**Cash maternity grant (social assistance):** Paid to needy pregnant women for the first two live births.

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

**Medical benefits:** Must be currently in insured employment or qualified for cash sickness benefits.

## Sickness and Maternity Benefits

**Sickness benefit:** The benefit varies but is around 60% of the average daily wage. The benefit is paid 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:** The benefit is equal to 100% of average earnings, according to wage class, and is paid for up to 12 weeks (including up to 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 20 rupees.

**Cash maternity grant (social assistance):** A lump sum of 1,000 rupees is paid.

**Funeral grant (social insurance):** A lump sum is paid equal to the funeral cost, up to 3,000 rupees. The grant is paid to the oldest member of the family or to the person who pays 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 the National Capital Territory of Delhi and model hospitals 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 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. 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.

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

## Administrative Organization

Ministry of Labour and Employment (<http://www.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.

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 earning 10,000 rupees or less a month and working in certain businesses with at least 20 workers (10 workers in manufacturing).

Employees working for government-run businesses that are covered by equivalent private plans may contract out.

Coverage is being extended gradually to different districts, with 737 industrial centers currently covered. The scheme has not been implemented in the states of Manipur, Tripura, Sikkim, Arunachal Pradesh, and Mizoram.

Exclusions: Self-employed persons, seasonal workers (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.

**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 varies but is around 75% of the average daily wage. The benefit is paid for the entire duration of the disability, subject to a minimum period of incapacity of 3 days.

### Permanent Disability Benefits

**Permanent disability pension:** The pension is paid according to the assessed loss of earning capacity.

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

The maximum daily rate is equal to the temporary disability benefit rate per day (around 75% of the average daily wage).

If the daily value of the pension is equal to 5 rupees or less, the benefit may be paid as a lump sum provided the total value of the benefit does not exceed 30,000 rupees.

**Partial disability:** A percentage of the full pension is paid according to the assessed loss of earning capacity.

**Benefit adjustment:** Benefits are reviewed periodically by the Employees' State Insurance Corporation and adjusted 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 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):** The pension is equal to 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) is paid for an orphan younger than age 18 (no limit if disabled or an unmarried daughter).

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

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

**Other eligible survivors:** In the absence of a surviving widow or children, other eligible survivors include the deceased's 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 is paid equal to the funeral cost, up to 3,000 rupees. The grant 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 (<http://www.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.

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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**

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#### **Regulatory Framework**

**First and current law:** 1948 (state insurance).

**Type of program:** Social insurance system.

#### **Coverage**

Employees earning 10,000 rupees or less a month and working in certain businesses with at least 20 workers (10 workers in manufacturing).

#### **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**

**Unemployment allowance:** Must be involuntarily unemployed as the result of retrenchment or a nonwork-related permanent disability. The insured must have at least 5 years of contributions.

#### **Unemployment Benefits**

**Unemployment allowance:** The benefit is equal to 50% of the insured's average wages and is paid for up to 6 months. Access to medical care is also provided to beneficiaries and their dependents.

#### **Administrative Organization**

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.