



SOCIAL SECURITY **IN SOUTH ASIA**

***A BROAD
OVERVIEW***



ILO CONVENTION (Minimum Standards)

Social Security envisaged for meeting following types of contingencies:-

- Unemployment
- Sickness
- Employment Injury
- Maternity
- Invalidity
- Death
- Old age
- Medical Care
- Family Benefits



ILO CONVENTION (Contd.)

- In South Asian countries some of the social security benefits mentioned above are generally provided in one form or the other by multiple agencies.
- It may be either employer sponsored or both employer and employee funded and/or state funded/assisted.
- Civil servants have pension but no old age income security to informal sector



Factoids on South Asia

Life expectancy is around 75 for civil servants and 67 for others

Life expectancy will be 70 by 2020 and 75 by 2050

Productive population is currently around 60%



SOCIAL SECURITY LEGISLATION IN INDIA

- Employees Provident Fund & Miscellaneous Provisions Act, 1952
- Employees State Insurance Act, 1948
- Workmen's Compensation Act, 1923
- Maternity Benefit Act, 1961
- Payment of Gratuity Act, 1972



EMPLOYEES' STATE INSURANCE ACT, 1948

- Non – seasonal Establishments.
- Non- power using with 20 or more
- Power using with 10 or more
- Covered under notified areas

Wage ceiling- Rs. 10,000/-
(approx.\$250)p.m



EMPLOYEES' STATE INSURANCE ACT, 1948

- ❑ Cash benefits in case of sickness, maternity, Disablement, employment injury
- ❑ Medical benefits for employees and their families
- ❑ Dependant benefits



MATERNITY BENEFIT ACT, 1961

Applies to employees establishments establishments where 10 or more persons are employed except those covered by ESI Act, 1948.

Can be extended to other establishments by State Governments. Subject to prior approval of the Central Govt.



MATERNITY BENEFIT ACT

Central Government administers the Act in mines and circus industry, while State Governments are responsible for its administration in factories, plantations and other establishments.

Period of Benefit with full wages - maximum for 12 weeks

It is employer funded arrangement.



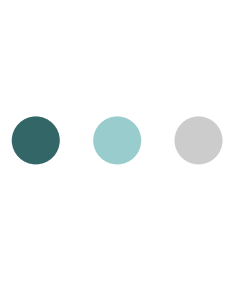
WORKMEN'S COMPENSATION ACT, 1923

- An Employer's Liability Scheme
- Applies to workers employed in 50 hazardous employments
- All workers covered
- Addresses two risks due to employment injury-disablement and death
- Lump sum payment with max. Rs. 548 thousand (\$13700) on permanent disablement & Rs. 456 thousand (\$11400) on death



PAYMENT OF GRATUITY ACT, 1972

- Applies to all establishment employing 10 or more persons
- Employer's liability
- Lump sum benefit @ 15 days' wages for every completed year of service
- Up to Rs. 350 thousand (approx. \$8750)
- 5 years continuous service required except in case of death or disablement
- Complaints exists on compliance

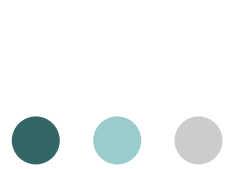


Labour Welfare Funds

(Administered by Ministry of Labour & Employment)

There are five dedicated Funds:

- ✓ The Mica Mines Labour Welfare Fund Act, 1946
- ✓ The Limestone and Dolomite Mines Labour Welfare Act, 1972.
- ✓ The Iron Ore, Manganese Ore and Chrome Ore Mines Labour Welfare Fund Act, 1976.
- ✓ The Beedi Workers' Welfare Fund Act, 1976.
- ✓ The Cine Workers' Welfare Fund Act, 1981



Labour Welfare Funds

(Administered by Different Ministries/States)

- Assam Tea Plantation Provident Fund scheme, 1955,
- Coal Mines Provident Fund Scheme, 1948.
- Seaman's Provident Fund Scheme, 1955.
- Welfare Funds for railway workers, banking/insurance employees etc.
- State Labour Welfare Funds catering to specific category of employees.



General Provident Fund

- Set up under the Provident Fund Act, 1925.
- Applicable to Civil servants
- Employee contributes a monthly sum, subject to a minimum of 6%. Civil servants employed prior to 2004 are entitled a liberal indexed pension. NPS is however, has no legal framework. It applies to civil servants by terms of service.



DESIGN OF SCHEMES UNDER EPF & M.P. ACT, 1952

- Employees' Provident Fund Scheme 1952
- Employees' Deposit Linked Insurance Scheme 1976
- Employees' Pension Scheme 1995



APPLICABILITY

- Wage ceiling –Rs. 6500(\$165) per month
- Specified classes of establishments – covering almost all the activities of Industry and Commerce
- Establishments employing 20 or more getting salary or wages on a regular basis are covered (few exceptions)
- Covers substantial portion of the paid labour force in Industry and Commerce



COVERAGE

- About 50 million EPF members with their families get benefits
- Total a.u.m. amounts to about \$ 55 billion
- Administrative cost is borne by the employer



EMPLOYEES' PROVIDENT FUND SCHEME

Employee contributes 12% of basic wages

Employer contributes 12% of basic wages (of this 8.33% goes to Pension Fund & 3.67% to Provident Fund)

Government – Indirectly by allowing tax exemption on the employer's contribution and the interest earned without any limit

Provides

- individual account based lump sum on retirement
- withdrawals for specific purposes that improves quality of life



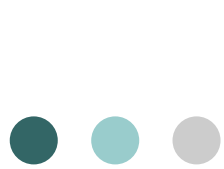
EMPLOYEES' PENSION SCHEME-1

- A “Benefit defined social insurance scheme”
- Designed with “social security” thrust following “Actuarial principles”
- Provides for Old age and disablement benefits to the member along with survivorship coverage to the family upon death of the member.



EMPLOYEES' PENSION SCHEME-2

- Employer- 8.33% of basic wages
- Direct contribution by government - 1.16% of wage amounting to Rs.11.00 billion (approx.\$ 275 million) annually



Member's entitlement

- (i) Pension Payment for life on Retirement/
Superannuation
- (ii) Disability and survivor pension
- (iii). Cash Benefit for non pensionable exits
- (iv) Children and orphan pension as well as
parent and nominee pension.



EMPLOYEES' DEPOSIT LINKED INSURANCE SCHEME

- Employer - contributes @ 0.5% of wages
- Employee - no contribution
- Survivor benefit - 20 months wages maximum up to Rs.130,000



MG National Emp. Gurantee Scheme

- India launched NREGA which guarantees employment of 100 days to Below Poverty Level families. This program in spite of some deficiencies significantly arrested migrancy in labour.
- NOAPS is a social assistance program funded by Govt.



PAKISTAN

- Civil servants have very liberal pension
- Employees in organised sector have pension benefits and group insurance for medical benefits. These Schemes are Employer liability.
- Workers Welfare fund and Employees Social Security Funds offer various benefits.



PAKISTAN(contd)

- However, there are no reliable programs for informal sector excepting State funded or charity run medical benefits.
- Employer funded EOBI runs the risk of running out of cash.
- Workmen Compensation and Maternity Benefit covers only organised sector



SRILANKA

- Civil servants have pension
- Employees of private sector have PF for which 8% and 12% are paid by employees and employers.
- Employment injury is covered by mandated insurance
- Medical facilities are State funded



SRILANKA(contd)

- Social assistance program for means tested people
- Maternity benefits to plantation workers
- Informal sector is out of income security net



BANGLADESH

- Pension to civil servants
- No formal old age income security to private sector and informal sector
- Maternity benefit and employment injury are Employer liability programs
- Gratuity is payable to organised sector



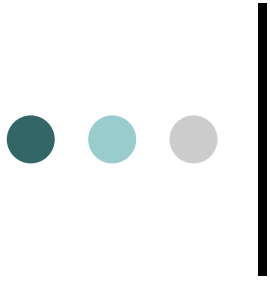
NEPAL

- Civil servants have pension
- Private sector employees have PF with 10% contribution each from employee and employer
- Gratuity and maternity benefit are employer liability
- Medical costs to be borne by employer
- Informal sector is not covered



Summing up

- Civil servants have comprehensive pension coverage
- Informal sector have negligible or nil coverage
- State funded or employer employee funded facilities for medical benefits are available
- But South Asia has a long way to go



THANKS