

Social Security Fund (Management and Operation) Rules, 2067(2011)

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In exercise of the powers conferred by Section 2 of Administrative Procedures Regulation Act 2013(1956), Government of Nepal has promulgated the following Rules:

1. **Short title and commencement:** (1) These Rules may be called as "Social Security Fund (Management and Operation) Rules, 2067 (2011)".
(2) These Rules shall come into force immediately.
2. **Definitions:** Unless the subject or the context otherwise requires; in the Rule-:
 - (a) "Fund " means the fund constituted pursuant to Rule 3.
 - (b) "Executive Director" means Executive Director of the Fund appointed pursuant to Rule 11.
 - (c) "Ministry" means Ministry of Labor and Transport Management.
 - (d) "Committee" means Fund Management and Operation Committee formed pursuant to Rule 5.
 - (e) "Member" means member of the Committee and this term also includes the Chairperson.
 - (f) "Social Security Programme (Scheme) means social security programmes operated by the Fund pursuant to Rule 14.
3. **Constitution of a Fund:** (1) A fund named Social Security Fund is, hereby, constituted.
(2) The fund constituted Pursuant to Sub-rule (1), shall have the following amounts:

- (a) The amount received in the fund in accordance with the prevailing laws.
- (b) The amount received from the contributors for voluntary participation in the social security programme.
- (c) The amount received from Government of Nepal.
- (d) Amount received from international organizations, institutions, and foreign governments.
- (e) Amount received from native organization, institutions or persons.
- (f) Amounts received from any other sources.

(3) The amounts to be deposited in fund pursuant to Sub-rule (2) through a separate account in Nepal Rastra Bank.

(4) The account of the Fund shall be operated through the joint signature of the Executive Director and the Chief Accountant.

4. **Amount to be deposited:** One percent of the taxed amount, taxed to an individual or a spouse shall be deposited in the Fund.

5. **Constitution of the Board of Trustees:** There shall be a Board of Trustees, constituted for the management and operation of the fund; comprising of the following members:

- (a) Secretary of Ministry -Chairperson
- (b) Joint Secretary, Ministry of Finance, -Member
- (c) Joint Secretary of Ministry - Member
- (d) Joint Secretary, Ministry of Law and Justice -Member
- (e) Chairperson, Federation of Nepalese, Industries and commerce or senior member designated by him/her -Member
- (f) Chairperson, Confederation of Nepalese Industries, or a senior member designated by him/her - Member

- (g) Chairperson, Nepal Chamber of Commerce,
or the senior member designated by him/her -Member
- (h) Three representatives of the Federation of
Nepalese Trade Unions as prescribed by the
Government of Nepal -Member
- (i) Executive Director -Secretary-Member

6. Functions, Duties and power of the Committee: The Committee shall have the following functions, duties and power:-

- (a) to suggest and advise the Government of Nepal on policy matters related to social security program.
- (b) to prepare an outline of programs to be implemented by the Fund and to send it for approval to the Government of Nepal.
- (c) to implement or cause to be implemented the programs approved by the Government of Nepal.
- (d) to invest the amounts collected in the fund in secure sector for more income.
- (e) to prepare investment policy of fund and to implement it after the approval of Government of Nepal.
- (f) to formulate laws relating to social security plan and programs.
- (g) to approve annual budget , plans and programs.
- (h) to keep record of the contributors and to update it regularly.
- (i) to distribute identity cards to the contributors.
- (j) to carry out other works in order to run social security programs.

7. Meeting and Decision of the committee: (1) The meeting of the committee shall be held as required.

(2) The meeting of the Board shall be held on such date, time and venue as specified by the Chairperson

(3) The Executive Director shall distribute the notice of the meeting along with the schedule Twenty Four hours before the commencement of the meeting.

(4) The quorum of meeting shall be deemed to be completed if at least Fifty percent of the total the member of board are present.

(5) The meeting shall be presided over by a member selected by the members from among themselves.

(6) The opinion of the majority shall be binding in the meeting and in the event of the votes being evenly divided the Chairperson shall exercise a casting vote.

(7) The Committee may invite the officials, member or any other individuals of Government of Nepal to participate as observer as per necessity.

(8) The decision of the Committee shall be authenticated by the Executive Director

(9) Other procedures relating to the meeting of the Board shall be as decided upon by the Committee itself .

8. Functions not to be done by the Committee: The Committee shall not do or cause to do any of the following functions:

- (a) To give loan to a member or to the joint family of a member by mortgaging or not mortgaging a property.
- (b) To invest in any other financial institutions except for the "A" class bank.
- (c) To provide for any facilities without the prior approval of Government of Nepal

9. Sub-committee may be constituted: (1) The committee may constitute Sub-committee in order to carry out special nature of work; comprising of one or more members as per the necessity.

(2) The functions, duties, rights and facilities of the Sub-committee formed pursuant to Sub-rule (1) shall be as determined by Committee.

10. Allowances for Meeting: The allowances for meeting entitled to members of the Committee shall be as prescribed by Government of Nepal.

11. Executive Director: (1) An Executive Director shall be appointed to act as the Administrative chief of the Fund.

(2) A Three membered Sub-committee shall be formed to recommend the name of the Executive Director by the Committee.

(3) The Committee so formed, shall recommend the name of three persons from among the members holding the Master's Degree in Economics, Commerce, Management, Labor Management or Law, and having the work experience of Seven years; through a free competition and present before the Committee for final approval.

(4) One of the Three individuals shall be appointed as the Executive Director of the Fund based on the qualification, experience, leadership abilities and the evaluation of profile presented by him/her relating to operation and the management of the Fund.

(5) Notwithstanding anything contained in Sub-rules (2), (3) and (4), unless the Executive Director is appointed, Government of Nepal may appoint Executive Director from the Gazette First Class Officer or prescribed as the Executive Director for One year.

(6) The tenure of office of the Executive Director shall be of Four years.

(7) The Executive Director shall be removed from the Office on the following conditions:-

- (a) If he/she is unable to perform assigned tasks.
- (b) If he/she shows a *mala fied* intent in course of performing the assigned duties.
- (c) If he/she displays a misconduct or misbehavior
- (d) If he/she is unable to perform any work as prescribed in the employment contract or if s/he

does not show satisfactory work performance record.

(8) Prior to removing the Executive Director from the Office pursuant to Sub-rule (7), a Three member probe and inquiry committee shall be formed and based on the report of the said committee, the Executive Director may be removed from the Office.

(9) Pursuant to Sub-rule (8), the Executive Director shall not participate or cast a vote in a committee formed pursuant to aforesaid Sub-rule.

(10) After the formation of a committee in accordance with Sub-rule (8), the Executive Director may be relieved from the Office.

(11) The Executive Director shall be given a chance of putting forth his/her defense before reliving him/her from office.

(12) The salary, allowances and other facilities of the Executive Director shall be as approved by the Government of Nepal, upon the prescription of the Committee.

12. Work Performance Contract to be Concluded: (1) The Committee shall conclude a Work Performance Contract, with the Executive Director Pursuant to Rule 11.

(2) The appointment letter of the Executive Director shall include the work assigned to him/her, the work plan of the assigned work, the indicators for the evaluation of such work pursuant to Sub-rule(1).

13. Functions, Duties and power of the Executive Director: The Executive Director shall have the following function, duties and power:

- (a) To implement or cause to implement the decisions of the Committee
- (b) To submit the long term plans, annual programs and budget of the Fund before the Committee for approval
- (c) To execute or cause to execute the long term plans and annual programs approved by the Committee

- (d) To submit periodic progress reports of the fund to the Committee
- (e) To carry out the daily administrative works and to supervise, control, direct, monitor and inspect the subordinate staffs.
- (f) To maintain or cause to maintain the immovable, movable properties and commodities of the Fund.
- (g) To authenticate the decisions of the Committee.
- (h) To carry out other works as prescribed by the Committee.

14. Provisions relating to Social Security (Scheme) Program: (1) The Fund may create some or all of the following schemes for its contributors:-

- (a) Unemployment Insurance Plan
- (b) Injury/ Accident Insurance Plan
- (c) Sickness Insurance Plan
- (d) Maternity Insurance Plan
- (e) Dependent Insurance Plan
- (f) Disability Insurance Plan
- (g) Old Age Insurance Plan
- (h) Medical Insurance Plan
- (i) Family Insurance Plan

(2) The Fund can operate a phase wise Social Security (Schemes) Programs for its contributors Pursuant to Sub-rule (1).

(3) The Fund will run the Social Security (Scheme) Program based on the priority prescribed by Government of Nepal.

15. Participation in Social Security Plans: (1) The Fund shall issue a public notice allowing its contributors to participate in voluntary social security plans on the prior approval of the Government of Nepal.

(2) If the Fund issues a notice pursuant to Sub-rule (1) , then any individual working in an institution, board, committees, center, public corporation as well as private academies; may participate in the Social

Security Plan ,adhering to the terms, conditions and process prescribed by the Board.

16. **Investment of Money of the Fund:-** With the prior approval of the government, the Committee may invest on the bond issued by Nepal Rastra Bank or invest deposit on 'A' class bank according to the prevalent laws.
17. **Accounts and Auditing:** (1) Accounts of income and expenditure of the Fund shall have to be maintained as per the method followed by Government of Nepal.
 - (2) The Fund should maintain an internal control system as prescribed by the Government of Nepal.
 - (3) The account of the Fund shall be audited by the Office of the Auditor General.
 - (4) Government of Nepal may inspect or cause to inspect the Accounts of income and expenditure, the documents relating to the cash and commodity of committee in anytime.
 - (5) The Fund shall submit its annual report accompanied with balance and payment, income and expenditure account and mention details relating document to the Government of Nepal within four months of end of the financial year.
18. **Account report to be made public:** (1) The Executive Director shall make public details of income and expenditure of the Fund to the Committee in every Four months.
 - (2) The Executive Director shall make public the details of income and expenditure of the within Sixty days of the end of a financial year.
19. **Revolving fund:** The Fund shall remain as a revolving fund.
20. **Provisions of insurance and reinsurance:** The Fund may insure or reinsure for the risk borne or its liability by the Fund in the course of running any of the Social Security (Schemes) programs.

- 21. Secretariat of the Fund:** (1) The Secretariat of the Fund shall be located in the Kathmandu Valley.
- (2) The Fund may constitute its branch office and regional office within the Nepal by approving through the Government of Nepal as per necessity.
- 22. Provisions relating to Staffs:** (1) There shall be required number of staffs for the effective operation of the works of the Fund
- (2) The Government of Nepal shall provide for the necessary staffs of the Fund for a period until the Fund has its own staffs.
- (3) The Fund may appoint staffs on contractual basis by approving the Government of Nepal as per necessity.
- (4) The terms and conditions, allowance and other facilities of service of the contractual staffs recruited pursuant to Sub-rule (3) shall be as mentioned in the contract.
- (5) The committee may provide incentives based on work performance with the prior to the staff of fund by approving the Government of Nepal.
- 23. Government of Nepal to issue directives:** (1) Government of Nepal may issue necessary directives to the Fund.
- (2) It shall be the duty of the Fund to abide the directives issued pursuant to Sub-rule (1).
- 24. Liaison with Government of Nepal:** The Fund shall liase with the Government of Nepal through the Ministry.
- 25. Power to frame Guidelines and Procedures:** (1) The Committee may frame necessary procedures in order to manage the affair of fund.
- (2) The Committee may formulate necessary procedures in exercise of the power conferred by these Rules and guidelines.