



**BRICS**  
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**'BRICS- Social Security Agreement'**

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## BRICS – Social Security Agreements

### 1. The Social Security Scenario in BRICS

1.1 In the last few decades the BRICS countries have introduced major changes and innovations in extending social protection to a larger cross-section of their respective populations. There is growing awareness of the economic and financial implications of social protection systems as well as the understanding of the importance of extension of social protection as a powerful tool to reduce poverty and inequities.

1.2 The various approaches taken by India include the National Rural Employment Guarantee Scheme, the *Atal Pension Yojana* pension scheme, the *Pradhan Mantri Jeevan Bima Yojana* life insurance, the *Pradhman Mantri Suraksha Bima Yojana* accident insurance and the *Rashtriya Swasthya Bima Yojana* health insurance scheme for the informal sector, etc. In South Africa, a universal health insurance programme was launched whereas in Brazil the *Programa Bolsa Família*, a conditional cash transfer (CCT) programme has had significant improvement in the incomes of families and in reducing poverty. China has increased the coverage of health insurance from 24 per cent of the population to almost 94 per cent. The Russian Federation is tackling the challenges of improving the adequacy and sustainability of social security schemes, curbing the shrinking of coverage and enhancing social protection for migrants and informal-sector workers.

1.3 All the BRICS countries have legislation, programmes and/or schemes that provide the following class of social protection:

- (i) Old age, Disability and Survivor pensions / benefits
- (ii) Sickness, Medical and Maternity benefits
- (iii) Work injury and compensation benefits
- (iv) Unemployment benefits
- (v) Family allowances

1.4 The coverage criteria, funding source, qualifying criteria for benefits, the quantum and nature of benefits vary from country to country and even within a country the nature of the schemes and the coverage are different for different classes of workers and citizens.

### 2. The Common Grounds for Social Security Agreements

2.1 Trade relations between BRICS nations have been increasing over the years and the volume of trade between these nations will continue to grow in the foreseeable future. The growing volumes of trade and commerce are witnessing investments by major industries and enterprises in the economies of other countries within the group. With physical presence and investments there is also an increasing flow of nationals who go for work for their companies to the other nations.

2.2 The average stay of such workers range from 3 to 5 years during which they contribute to the social security schemes of the host nations in the absence of any Social Security Agreements between the BRICS nations. These workers often do not acquire any entitlements for benefits in the other countries' social security systems as the eligibility criteria for social security benefits place restrictions on the entitlements which cannot be fulfilled within the duration of the stay of these workers in the other country.

2.3 In the absence of Social Security Agreements, workers stand to lose coverage benefits in their home countries while they do not get any entitlement in the host country. Such workers are not in a position to either totalize or port their benefits to their home countries. Such workers lose their entire social security contributions unless they complete the respective mandatory contribution period. The contributions of such workers often constitute a large part of their wages that are neither refunded nor utilized. Often companies make dual contribution in the home and host countries to ensure continued coverage of their workers which affects their competitiveness.

### **3. Grounds for Social Security Agreements within the BRICS nations**

3.1 The BRICS nationals working in India & their employers contribute 12 per cent of salaries each to Indian social security system or Provident Fund. Thus the total contribution in respect of a worker in India amounts to 24 per cent of the salary. The worker would receive pension benefit if they work in India and contribute for at least 10 years or have benefits of totalization under a Social Security Agreement. Such contribution that would be refundable to BRICS nationals if a Social Security Agreement was in place, would otherwise be withheld till the completion of 58 years of age.

3.2 The above situation would hold true for any working employee from any of the BRICS countries who goes to work in another BRICS nation. Therefore, in order to protect the interests of such workers who work for brief periods in another country and to promote and facilitate the competitiveness and ease of business for companies making investments it is highly desirable that Social Security Agreements are put in place between respective nations in the BRICS group. The Agreements will make nationals eligible for refund of provident fund and pension accumulations at the time of repatriation. The Agreements will also make it possible for the periods of service rendered in the host countries to be combined to determine eligibility for social security benefits. The Social Security Agreements will benefit all workers moving across borders and for the companies it will reduce the cost of international assignments and correspondingly cost of doing business.

### **4. Comprehensive Social Security Agreement**

It is proposed that the BRICS nations should consider entering into comprehensive bilateral Social Security Agreements to protect the interests of workers covering all the three important provisions namely; 'detachment', 'totalization' and 'portability'.

- (i) Detachment – Employees working in host countries are exempted from contributing to their Social Security System, provided they are complying with

the Social Security System of their home countries. This exemption is available for a specified period stipulated in the agreement.

- (ii) Totalization of benefits – The period of service rendered in another country is counted for determining eligibility for pension. The actual pensionary benefits, however, are payable only for the period of contributory service on pro-rata basis.
- (iii) Portability of Pension – Pension benefits are payable without reduction, direct to the beneficiaries choosing to reside in the home country or in any other country.

## **5. The Way Forward**

In order to address the issue of putting in place bilateral Social Security Agreements between the BRICS nations, the Working Group on Employment may consider adopting resolutions to:

- (a) Share information regarding the Social Security Agreements entered into by each of the nations in the BRICS groups with the others
- (b) Resolve that Social Security Agreements are entered into between the member countries of BRICS, and
- (c) Specify a time frame for the concerned Ministries, Departments and institutions in the respective member countries to carry out negotiations and conclude the Social Security Agreements.