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Totalisation/portability of social security benefits: Imperatives for global action

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Working Paper 379

**Totalisation/Portability of Social
Security Benefits: Imperatives for
Global Action**

**Anwarul Hoda
Durgesh K. Rai**

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INDIAN COUNCIL FOR RESEARCH ON INTERNATIONAL ECONOMIC RELATIONS

Table of Contents

| | |
|--|----|
| Abstract..... | i |
| 1. Introduction..... | 1 |
| 2. Global estimate of migrant workers..... | 3 |
| 3. Social security framework in G19 countries | 9 |
| 4. Bilateral and Multilateral Agreements on Social Security | 30 |
| 5. ILO Conventions and Recommendations on the rights of Migrant Workers..... | 39 |
| 6. Gaps in social security for migrant workers | 43 |
| 7. Imperatives for international action | 45 |
| 8. Way forward..... | 46 |
| References | 48 |
| Annexure 1: SSAs involving G19 Countries: | 51 |

List of Tables

| | |
|--|----|
| Table 1: Estimate of G19 countries as destination and source of migrant workers in world, 2015..... | 6 |
| Table 2: Temporary foreign workers in major G19 countries from other G19 countries, 2016..... | 7 |
| Table 3: Minimum qualifying conditions for social security benefits in G19 countries | 28 |
| Table 4: Matrix of Bilateral SSAs among G19 Countries, as of March 2017 | 33 |
| Table 5: Ratification of Relevant ILO Conventions by G19 Countries..... | 42 |

List of Figures

| | |
|---|---|
| Figure 1: Number of migrants (million) and their share in world population..... | 4 |
| Figure 2: Estimate of number of migrant workers from/to G19 countries, in thousands, 2015..... | 8 |

Abstract

The relative importance of migrant workers has been increasing in the world economy. Conscious of their growing numbers, the migrant-receiving and migrant sending countries have agreed to grant social security benefits to migrant workers and their families. To this end they have ratified or accepted ILO Conventions and Recommendations and also entered into multilateral and bilateral agreements. But significant gaps still remain in the social security protection of these workers around the world. In most countries, the realisation of long term social security benefits is subject to qualification requirements in terms of relatively long periods of contribution, employment or residence, which migrant workers find difficult to fulfil as they work in multiple jurisdictions during their life time. This study attempts to build a case for global action for improving the social security protection of international migrant workers. It identifies the critical gaps in social security protection for migrant workers in important countries, which are host to the majority of international migrant workers and draws up arguments for concerted action to close these gaps.

Keywords: *portability, totalisation, social security benefits, migrant workers*

JEL classification: *F22, J32 and J88*

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Totalisation/Portability of Social Security Benefits: Imperatives for Global Action¹

Anwarul Hoda² and Durgesh K. Rai³

1. Introduction

Migrant workers constitute an important segment of the work force in the world economy. They play a critical role in both migrant-sending and migrant-receiving countries. In high-income countries facing the problem of an aging or even shrinking population they alleviate the problem of shortage of labour. In developed and emerging countries when the demand for workers in highly-skilled categories outstrips supply employers turn to migrant workers. Countries with a persistent shortage of labour like the oil-exporting countries have long-term dependence on migrant workers. Immigration also increases the GDP per capita of host countries by raising labour productivity and there are estimates that a one per cent increase in the share of migrants in the adult population can raise GDP per capita by up to two per cent in the long run (Jaumotte et al. 2016). For the low-income migrant sending countries the demand for migrant workers is a big boon as local opportunities for gainful employment are limited. The remittances sent by these workers have become more important than development assistance for financing the development of a number of migrant-sending countries and helped augment private consumption and reduce poverty.⁴

According to ILO's estimates, around 150.3 million workers constituting 4.4 per cent of the work force in the world were international migrants in 2013. There is considerable variation among countries in the proportion of migrant workers and high income countries generally have a higher proportion of such workers.⁵ As both migrant-receiving and migrant-sending countries have a common interest in providing adequate social security coverage to migrant workers, a number of them have agreed to conventions and recommendations to provide social security specifically for migrant workers and the members of their families in the ILO. There is also an increasing number of multilateral and bilateral agreements in which the countries have agreed to grant social security protection to migrant workers, which in some cases are on a reciprocal basis. And yet, it is evident that there are wide gaps in the social security protection of migrant workers around the world. Not only are the number of agreements limited but they also do not cover either all branches or all groups of workers.

The universe of social security framework as outlined in ILO Convention No. 102 has nine discrete components, viz., medical care, sickness benefit, unemployment benefit, old age

¹ We would like to thank Dr. Rupa Chanda and Dr. Jayant Dasgupta for their comments on an earlier version of this paper. We are also thankful to Ms Seeta Sharma and Ms Harpreet Bhullar of ILO, New Delhi for their inputs.

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⁴ In 2016, the remittances to developing countries amounted to US\$ 422 billion (World Bank 2018) while the total net ODA to these countries was US\$ 103 billion (OECD 2018).

⁵ According to ILO (2015), in 2013, migrant workers constituted about 16 per cent of all workers in high income countries while in low income, lower middle income and upper middle income countries, their share was between 1.4 to 1.5 per cent.

benefit, employment injury benefit, family benefit, maternity benefit, invalidity benefit, and survivors' benefit. Of these, benefits relating to old age, invalidity and survivors are long term in nature. Although all nine components are relevant for migrant workers, the long-term benefits are the most important from their perspective. To receive these benefits, the migrant workers need to fulfil certain qualification requirements prescribed by host countries. In most countries, the qualification requirements are in terms of relatively long periods of contributions, employment or residence, which migrant workers find difficult to fulfil as they work in multiple jurisdictions during their life time. Totalisation refers to adding up the contribution, employment or residence of a migrant worker in different jurisdictions for the purpose of fulfilling the qualification criteria for the payment of long term benefits.⁶ Migrant workers can get the benefit of totalisation only if there is an agreement to that effect covering the migrant receiving and sending countries. Once these countries have entered into a bilateral or multilateral agreement, the social security institution of the host country takes into account the contribution, employment or residence in the home country for the purpose of fulfilling the qualification requirement for grant of the benefit. Apart from totalisation, migrant workers need the long term benefits to be exportable, because after completing their assignment, they are no longer resident in the countries which pay the pension. A social security benefit is exportable if the payment of the benefit is allowed outside the borders of a country. The payment of the benefit may be allowed either in countries that are parties to an agreement or in third countries. A country can permit exportability autonomously but many countries expressly require that there be a reciprocal agreement for the purpose.

The focus of this study is totalisation and exportability of social security benefits. In the literature on totalisation, reference is often made to “portability” of social security entitlements, which Holzmann et al (2005) describe as “the capacity to move with such entitlements between host countries and back to the source country”. However, this is the narrowest definition and, as observed by Hirose et al (2011), “some authors use the term more broadly to refer collectively to the equality of treatment, export of benefits, totalizing and administrative assistance”. In this paper, we use the term portability to include the process of totalisation as well as exportability. It is manifest that a migrant worker can get the benefit of totalisation only if the host and home countries are parties to a bilateral or multilateral agreement. Further, where the host country has stipulated the condition of reciprocity for exportability (payment of benefits abroad), there needs to be a subsisting agreement binding the home and host countries. The main reasons for the gaps worldwide in social security protection for migrant workers is that a number of migrant receiving countries have not entered into agreements with migrant sending countries on the subject. Many important migrant sending countries, including India, have been striving through successive bilateral initiatives to enter into such agreements with counterpart migrant receiving countries. They have succeeded with some of them but failed in others. There is, thus, a case for important migrant sending countries to take concerted action to mount pressure on the

⁶ Article 7 (2) of the ILO Convention No. 118 contains a comprehensive definition of totalisation: ‘2. Such scheme shall provide, in particular, for the totalisation of the periods of insurance, employment or residence and of assimilated periods for the purpose of maintenance or recovery of rights and for the calculation of benefits.’

reluctant migrant receiving countries and induce them to enter into social security agreements with migrant sending countries.

The objective of this study is to build a case for international action to address the issue of improving social security protection for migrant workers. With this end in view, we identify in detail the gaps in a representative set of 19 countries (G19)⁷ which are among the world's leading economies and include the top migrant sending and migrant receiving countries. We delve deeper and ascertain the broad political economy factors behind these gaps. We then proceed to draw up the arguments for concerted action by major sending and receiving countries to close the critical gaps, which relate to portability and include both totalisation and exportability of long term benefits.. The ultimate objective of the study is to stimulate international action, which will result in benefits to migrant workers.

Section 2 presents details of flows of migrant workers around the world and particularly in G19 countries; Section 3 outlines the social security systems covering long term benefits in G19 countries; Section 4 analyses the bilateral and multilateral agreements on social security. It also examines the bilateral agreements entered into by India, which is a major migrant sending country, and by the USA, which is an important migrant receiving country in the world; Section 5 looks at the ILO conventions and recommendations and the extent to which adherence to these by member countries can result in improving social security benefits for migrant workers; Section 6 identifies the gaps that remain; Section 7 spells out imperatives for international action and Section 8 concludes with recommendation on the way forward.

The study is based on secondary information and data analysis, and intensive consultations with industry and the experts in the subject matter.

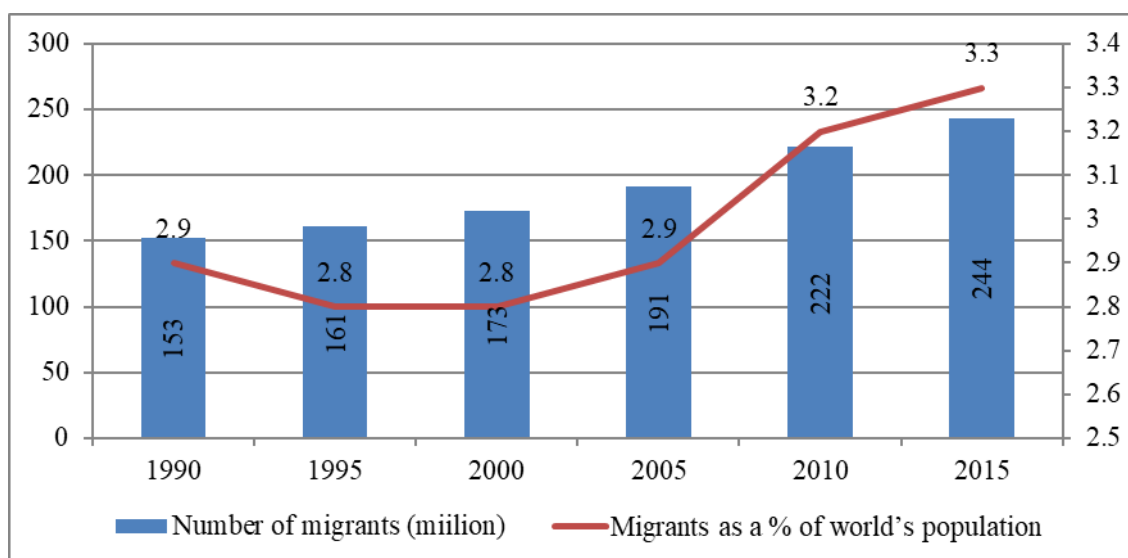
2. Global estimate of migrant workers

Global estimates of migration

As the process of globalisation has intensified over the years, there has been a phenomenal increase in the number of international migrants, including migrant workers, over the last few decades. According to the estimates by the International Organisation for Migration (IOM), the number of international migrants has increased from about 153 million in 1990 to 244 million in 2015. Over the last two and half decades, the number of migrants has increased faster than world population. As a result, the share of migrants has increased from 2.9 per cent to 3.3 per cent during 1990 to 2015. As Figure 1 shows, the share of migrants in the total world population was more or less stable at 2.9 per cent in the period 1990-2005 but there was a notable spike in the period 2005-2010.

⁷ These countries are US, China, Japan, Germany, India, United Kingdom, France, Brazil, Italy, Canada, Russian Federation, South Korea, Australia, Mexico, Indonesia, Turkey, Saudi Arabia, Argentina and South Africa, which constituted 78 percent of the global economy in 2017 (World Bank, 2019).

Figure 1: Number of migrants (million) and their share in world population



Source: *World Migration Report 2018, International Organisation for Migration (IOM)*

Migrant workers

This study is concerned with the social security benefits of migrant workers and with co-ordinated international action to enhance these benefits. Migrant workers constitute a major proportion of international migrants. According to the World Migration Report (2018), in 2015, around 72 per cent of international migrants were of working age (20 to 64 years of age).

An estimate by the ILO shows that, in 2013, the number of migrants in the working age population (15 years above) was 207 million out of a total of 232 international migrants. Of this, 150.3 million were economically engaged or working (migrant workers),⁸ which was about 65 per cent of total international migrants. Migrant workers constituted 4.4 per cent of all workers in the world. However, their share in all workers varies substantially across countries. While they constitute a significant proportion (16.3 %) of all workers in high-income countries, their share was between 1.4 to 1.5 per cent in low income, lower middle income and upper middle-income countries (ILO 2015).

A majority of migrant workers were engaged in services. Out of 150.3 million of total migrant workers, about 107 million (71 per cent) were working in the services sector followed by 18 per cent in industry, including manufacturing and construction, and about 11 per cent in agriculture (ILO 2015).

High income countries host an overwhelming share of migrant workers. Out of 150.3 million migrant workers, 112.3 million were estimated to be residing in high-income countries followed by 17.5 million in upper middle-income countries, 16.9 in lower middle-income

⁸ As per ILO Report (2015), migrant workers are defined as all international migrants who are currently employed or seeking employment in their country of current usual residence.

economies and 3.5 in low income nations. In terms of share, high income economies hosted about 75 per cent of migrant workers followed by 12 per cent in upper middle-income countries, 11 per cent in lower middle-income countries and a little more than 2 per cent in low income countries. In terms of the proportion of migrant workers in the total workforce, one in six workers is a migrant in high-income countries while in other countries, the proportion of migrant workers in the total workforce varied between 1.4 per cent and 1.5 per cent (ILO 2015).

As far as regional distribution is concerned, North America alone hosts 37.1 million (24.7 per cent) of global migrant workers. This was followed by 35.8 million (23.8 per cent) in Northern, Southern and Western Europe, 17.6 million (11.7 per cent) in the Arab States, 11.7 million (7.8 per cent) in South Eastern Asia and the Pacific, 8.7 million (5.8 per cent) in South Asia, 7.9 million (5.3 per cent) in Sub Saharan Africa, 7 million (4.7 per cent) in Central and Western Asia, 5.4 million (3.6 per cent) in Eastern Asia and 0.8 million (0.5 per cent) in Northern Africa (ILO 2015).

Migrant workers in G19 countries

Migrant workers constitute a major proportion of international migrants and to take our study further, we need to look at the numbers of international migrant workers being hosted and sent by the G19 countries. However, country wise data on migrant workers is not available. We, therefore, start by presenting a rough estimate of the stock of migrant workers in the G19 countries. Applying the ILO estimate of 65 per cent for the proportion of migrant workers as compared to the total number of international migrants in overall terms, we estimate the numbers of migrant workers in G19 countries. Our estimate shows that in 2015, there were 158 million migrant workers in the world out of which G19 countries hosted more than 89 million workers, or about 56 per cent of global migrant workers. The USA was the largest recipient of migrant workers followed by Germany, Russia, S. Arabia and the UK. G19 countries were also among the major countries of origin for migrant workers. With more than 52 million workers originating from these countries, the share of G19 countries in the global migrant worker population was more than 33 per cent. India was the largest source of migrant workers in the world followed by Mexico, Russia, China and the UK.

Table 1: Estimate of G19 countries as destination and source of migrant workers in world, 2015

| Destination for migrant workers | | | Source of migrant workers | | |
|---------------------------------|------------------------|----------------------------|---------------------------|------------------------|----------------------------|
| G19 Countries | Migrant workers (000s) | % of world migrant workers | G19 Countries | Migrant workers (000s) | % of world migrant workers |
| US | 30307.6 | 19.1 | India | 10124.4 | 6.4 |
| Germany | 7803.9 | 4.9 | Mexico | 8020.4 | 5.1 |
| Russian | 7568.0 | 4.8 | Russia | 6875.1 | 4.3 |
| S. Arabia | 6620.9 | 4.2 | China | 6204.9 | 3.9 |
| UK | 5553.0 | 3.5 | UK | 3196.1 | 2.0 |
| Canada | 5093.4 | 3.2 | Germany | 2629.3 | 1.7 |
| France | 5059.6 | 3.2 | Indonesia | 2520.1 | 1.6 |
| Australia | 4396.6 | 2.8 | Turkey | 2024.1 | 1.3 |
| Italy | 3762.9 | 2.4 | US | 1965.6 | 1.2 |
| India | 3406.7 | 2.2 | Italy | 1885.7 | 1.2 |
| S. Africa | 2043.0 | 1.3 | S. Korea | 1524.9 | 1.0 |
| Turkey | 1927.3 | 1.2 | France | 1394.9 | 0.9 |
| Argentina | 1355.9 | 0.9 | Brazil | 1003.6 | 0.6 |
| Japan | 1328.6 | 0.8 | Canada | 835.9 | 0.5 |
| S. Korea | 862.6 | 0.5 | Argentina | 611.0 | 0.4 |
| Mexico | 775.5 | 0.5 | S. Africa | 546.7 | 0.3 |
| China | 635.7 | 0.4 | Japan | 518.1 | 0.3 |
| Brazil | 464.1 | 0.3 | Australia | 342.6 | 0.2 |
| Indonesia | 213.9 | 0.1 | S. Arabia | 175.5 | 0.1 |
| Total G19 | 89178.1 | 56.3 | Total G19 | 52399.1 | 33.1 |
| World | 158405.2 | 100.0 | World | 158405.2 | 100.0 |

Source: Authors' estimate based on UN data on migration

The data in Table 1 above can at best be regarded as indicating the rough order of magnitude of migrant workers as they have been derived from the data for total migration. The actual proportion of migrant workers in the total migrant population could vary substantially across countries. Immigration policy and the availability of employment opportunities are major factors that determine the proportion of migrant workers in total migrants in the host country. For instance, if Germany has a very liberal immigration policy towards refugees compared to Saudi Arabia, it will end up having a lower proportion of migrant workers in the total migrant population. As far as sending countries are concerned, the countries with surplus labour, low wages and lack of employment opportunities are likely to have a higher share of migrant workers and countries with a volatile social and political situation are likely to have a lower share of migrant workers in migrant outflows.

More accurate data based on the numbers of registered migrant workers are available in respect of six G19 countries only (Table 2).

Table 2: Temporary foreign workers in major G19 countries from other G19 countries, 2016

| Source countries | Destination countries | | | | | |
|------------------|-----------------------|---------|---------|---------|----------|------------|
| | US | UK | Germany | France | Italy | Australia* |
| India | 334,435 | 78,480 | 18,171 | 4,172 | 69,626 | 41,410 |
| China** | 66,009 | 18,553 | 16,751 | 7,949 | 169,307 | 19,940 |
| Mexico | 594,269 | 1,233 | 1,969 | 850 | 620 | 300 |
| Indonesia | 1,464 | 1,245 | 1,505 | 199 | 338 | 2,020 |
| Argentina | 17,388 | 647 | 430 | 456 | 2,054 | 310 |
| Australia | 66,076 | 49,253 | 2,347 | 451 | 316 | - |
| Brazil | 33,222 | 2,921 | 2,741 | 2,079 | 9,777 | 2,430 |
| Canada | 386,406 | 18,864 | 2,489 | 1,392 | 437 | 2,670 |
| France | 76,685 | | | | | 3,750 |
| Germany | 78,830 | | | | | 2,320 |
| Italy | 42,601 | | | | | 4,020 |
| Japan | 154,417 | 9,401 | 6,970 | 2,690 | 2,726 | 3,330 |
| S. Korea | 35,560 | 4,986 | 3,831 | 771 | 1,149 | 5,180 |
| Russia | 10,162 | 5,347 | 8,839 | 2,600 | 13,581 | 830 |
| Saudi Arabia | 777 | 442 | 148 | 25 | 31 | 30 |
| South Africa | 9,675 | 9,224 | 615 | 243 | 140 | 3,790 |
| Turkey | 7,424 | 5,733 | 5,529 | 2,717 | 6,595 | 400 |
| UK | 133,562 | | | | | 24,980 |
| US | - | 25,629 | 4,019 | 2,225 | 355 | 6,010 |
| World | 2408,663 | 333,348 | 144,603 | 106,776 | 1556,974 | 187,460 |

Source: Eurostat (<http://ec.europa.eu/eurostat/data/database>), U.S. DEPARTMENT OF HOMELAND SECURITY and Department of Immigration and Border Protection, Government of Australia.

Note: Migrant workers to US consist of different categories of non-immigrant temporary worker admissions for fiscal year 2016 and include specialty occupations (H1B), seasonal agricultural workers (H2A), seasonal non-agricultural workers (H2B, H2R), workers with extraordinary ability/achievement (O1, O2), athletes/artists/entertainers (P1 to P3), intra-company transferees (L1), treaty-traders and investors (E1 to E3). Migrant workers to UK, France, Germany and Italy include the number of all valid permits issued for remunerated activities in these countries on December 31, 2016.

*Australia data consists of two categories of temporary entrants to Australia: (i) *Temporary Work (Skilled) (subclass 457) visa holders*, mostly recruited by Australian companies whose visa is valid for up to four years and (ii) *Temporary Graduate (subclass 485) visa holders* – eligible international graduates who wish to remain in Australia for up to 4 years to gain practical work experience in Australia following their studies. **Immigrant workers to EU countries from China include immigrant workers from Hong Kong also.

G19 nations are also among the largest source of migrant workers, though their share as source is significantly lower than their share as destination. The share of the group as source of migrants was 32 per cent in 1990, which has slightly increased over the years and reached 33 per cent in 2015. Among the G19 countries, developing countries were the major suppliers

of migrants. India was the largest source followed by Mexico, Russia and China. The UK was the main country of origin among the industrialized countries of the group.

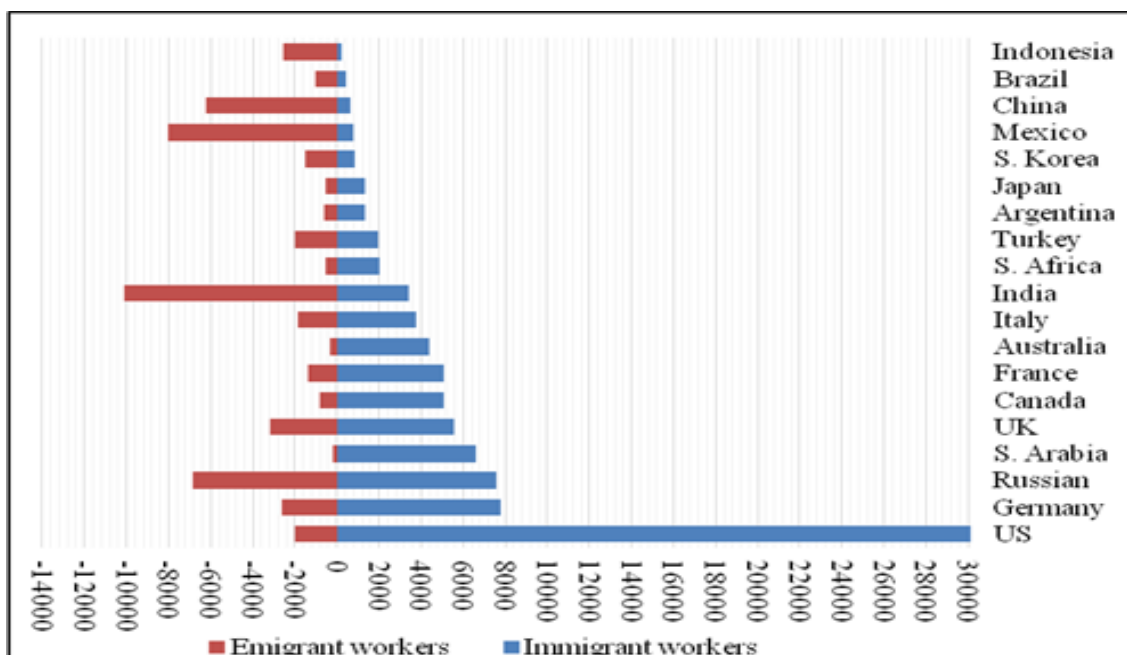
A significant proportion of migration of workers is taking place within the G19 countries. About 34 percent of migrant workers in G19 countries originated from other G19 nations. Mexico has the largest share (81.4 per cent) of migrant workers from other G19 countries followed by Japan (74.4 per cent), Korea (69.3 per cent), Australia (47.6 per cent) and the US (46.5 per cent). India, on the other hand, has the lowest share (0.5 per cent) of G19 in its population of migrant workers followed by Russia (2 per cent), Turkey (12.2 per cent), Argentina (12.3 per cent) and S. Africa (16.2 per cent). In other words, in these four G19 countries the bulk of migrant workers come from outside the G19.

Asymmetry in two-way flows of migrant workers

The data in Table 1 bring out, inter alia, the asymmetry in the two-way flow of migrant workers among the G19 countries. For instance, the US is host to more than 30 million migrant workers while it sends out 1.9 million only; Saudi Arabia receives 6.6 million migrant workers while it sends out 0.17 million; and Canada is host to more than 5 million migrant workers while it sends 0.8 million only. Similar asymmetry is observed among the major migrant-sending countries. India sends out 10.1 million workers while it received 3.8 million; Mexico sends out about 8 million workers while it receives 0.78 million; and China sends out 6.2 million workers while it receives 0.63 million workers.

The asymmetry in the two-way flows of migrant workers is evident from Figure 2.

Figure 2: Estimate of number of migrant workers from/to G19 countries, in thousands, 2015



Source: Authors' estimate based on UN data on migration

The asymmetry in the two-way flows in individual countries may be the underlying reason for the reluctance of a few of the major migrant-receiving countries to grant portability of social security benefit to migrant workers. This asymmetry results in a feeling of lack of reciprocal economic benefits in the migrant-receiving countries from measures to enhance the social security benefits for migrant workers.

3. Social security framework in G19 countries⁹

In the following paragraphs, we outline the broad framework for social security in G19 countries in respect of long term benefits. We describe only the key features of the programmes in each country and do not seek to capture their full complexity. Many G19 countries have a social assistance programme in addition to contributory or universal programmes for low income or needy citizens. As such programmes do not generally apply to migrant workers, we have excluded them from the description of old age benefits in these countries. In countries in which there are multiple programmes, we have generally taken into account only the main one.

Argentina

Long term social security system has three programmes, universal, social insurance and social assistance system for needy residents. The universal programme is only for the residents of Argentina, including foreign residents. The social insurance programme covers employed and self-employed persons. Certain professional workers hired abroad who work in Argentina for less than two years and are insured abroad are excluded as are Argentines who temporarily reside abroad. There are special systems for certain categories including household workers.

No contribution is required for the universal old age pension programme. For social insurance, the employee pays a contribution of 11 per cent of earnings and the employer between 10.17 and 12.71 per cent of the gross payroll depending on the type of enterprise. For the public sector, the employers' contribution is 16 per cent. For the self-employed, the contribution is 27 per cent of declared income.

In the universal programme to qualify for old age pension, the minimum age is 65 years. Foreign residents are required to have at least 20 years of residence, of which 10 years must be immediately before claiming the pension. For old-age pension under social insurance, the age for men is 65 years and for women 60 years with at least 30 years of contribution. The retirement age and contribution requirements are reduced up to 10 years for hazardous, arduous and unhealthy occupations.

Disability pension is payable if the person is assessed with at least 66 per cent loss of earning capacity at an age younger than the normal retirement age. The beneficiaries may either meet

⁹ The description of the long term social security benefits available in G19 countries is based substantially on *Social Security Programmes Throughout the World* jointly published by the Social Security Administration of the USA, Washington DC and International Social Security Association, Geneva.

the requirement of 30 years' contribution for old-age pension or must have paid 30 months' contribution in the last 36 months before the disability began.

For survivor pension, the deceased must have been receiving old-age or disability pension. Eligible survivors include widow, widower or partner who lived with the deceased for at least five years.

The old-age pension under the social insurance programme has three components: a basic flat rate, a compensatory pension based on the number of years of contribution and service before July 1994, and an additional pension based on the number of years since July 1, 1994. The permanent disability benefit is 70 per cent of the beneficiary's average salary for regular contributors. The minimum monthly disability pension is 6,394.85 pesos and the maximum 46,849.81 pesos (March 2017).

The pension under the universal programme is not payable abroad but under the social insurance programme, it is payable abroad under bilateral or multilateral agreements.

Survivor benefit is 70 per cent of the average monthly earnings in the five years before the death of the spouse or of the old age or disability pension the deceased was receiving, or was entitled to receive, whichever is greater, if the survivor is without dependents.

Australia

There are two programmes of social security, a universal programme and a mandatory occupational pension (superannuation) plan. The universal programme is for residents of Australia and the mandatory occupational programme covers employed persons aged 18 to 69 years earning more than A\$450 (US\$345.0)¹⁰ a month.

The government covers the total cost of the universal programme, with neither the employer nor the employee making any contribution. For the mandatory occupational pension plan, the employer pays 9.5 per cent of the employees' earnings, which will be gradually raised by 0.5 per cent a year from 2021 until it reaches 12 per cent in 2025. Voluntary contributions by employees are encouraged through tax incentives and co-contribution by the government.

The qualifying condition for the universal programme is age 65 (which will be raised gradually to 67 by July 2023), but there is also a requirement of residence of 10 years in Australia of which at least five years must be consecutive. The payment of old-age pension may be received abroad in case the pension had already begun before the pensioner left the country.

For the mandatory occupational pension (superannuation), the qualifying age is 56, which will be gradually raised to 60 by 2024.

¹⁰ At exchange rate on September 30, 2016; source:
<https://www.xe.com/currencytables/?from=AUD&date=2016-09-30>

The old-age pension in the universal programme is subject to a maximum limit of A\$797.90 (US\$611.7) for single and A\$601.50 (US\$ 461.1) if partnered, and is payable every two weeks (as of September 2016). In the mandatory occupational old-age pension (superannuation) programme, generally the accumulated amount is paid as a lump sum on retirement. The pensioner may also elect to receive a pension payment in lieu of the lump sum.

Permanent disability beneficiaries receive a disability pension equal to the old-age pension under the universal programme if the beneficiary is 21 years of age or more. As in the case of old age pension under the universal programme, there is a qualifying condition of 10 years residence for disability pension. The survivor benefit is a widow allowance payable every two weeks to a woman with no dependent children; the allowance is higher if she has dependent children. Bereavement allowance is paid every two weeks for 14 weeks in all from the date of a partner's death.

Brazil

There are two separate programmes for long term social security benefits, namely social insurance and social assistance, the latter being meant for needy residents of Brazil.

Brazil's social insurance programme covers all salaried workers, whether in industry, commerce or agriculture. Rural workers, household workers and self-employed workers are also covered. Insured persons pay 8, 9 or 11 per cent of the monthly earnings according to the prescribed scale relating to the amount of monthly earnings. The employer pays 20 per cent of the covered payroll.

The legal minimum wage is used as the minimum monthly earning for the purpose of calculation of contributions and there is a maximum stipulated as well. Self-employed persons pay 20 per cent of the declared earnings or 11 per cent of the legal monthly minimum wage.

The qualifying condition on age is 65 for men and 60 for women for salaried and self-employed urban workers and 60 for men and 55 for women for rural workers. The length of contribution required is 35 years for men, 30 for women and 15-25 years for workers exposed to hazardous substances. Employees are entitled to receive full pension when they have either reached the retirement age or made the required contribution. There must be a minimum qualifying contribution of 15 years. The length of contribution required for persons with disabilities varies according to the nature and severity of the disability and the range is 25-33 years for men and 20- 28 years for women.

For disability benefit, the minimum requirement is 12 months of contributions. For survivor pension, the requirement is that the deceased was receiving or had an entitlement to receive old-age or disability pension at the time the death occurred.

For the old age pension, the basic component is 70 per cent of the insured's average earnings. To this are added 1 per cent of the earnings for each year of contribution, subject to a maximum of 100 per cent.

For disability pension, 100 per cent of the insured's average earning is paid in urban areas and 100 per cent of minimum wage is paid in the case of rural workers. Survivor pension is 100 per cent of the old-age or disability pension of the deceased. For rural workers, it is 100 per cent of the minimum wage for such workers.

Old-age pension, disability and survivors' pension are payable abroad and thus exportable under bilateral or multilateral agreements.

Canada

The social security system of Canada has two parallel programmes for old-age benefits: the first is a universal pension under the *Old Age Security Act* to which all legal residents of Canada are entitled, and the second is an earning related *Canada Pension Plan (CPP)* for employed and self-employed persons working in Canada, excluding casual workers with annual earnings of less than C\$3,500 (US\$ 2627.6).¹¹ The legal residents of Canada are also entitled to a social assistance programme. Quebec has opted out of the CPP and established its own earnings-related programme, comparable to the CPP, but we do not describe the programme here.

For universal pension, there is no contribution requirement by the employee or employer and the entire cost is met by the central government. For earning-related pension (CPP), the employee pays 4.95 per cent of the earnings, which will be gradually raised to 5.95 per cent from 2019 to 2023. The employer contributes an equal percentage of the payroll which will also be raised from 4.95 to 5.95 per cent during that period. Self-employed persons contribute 9.9 per cent of their earnings, which will be raised to 11.9 per cent from 2019 to 2023.

For the universal pension, the qualifying age is 65 years, but the beneficiary should have at least 10 years residence in Canada after age 18. The pension may be received abroad, provided the beneficiary fulfils the condition of having resided in Canada for at least 20 years after attaining the age of 18. For earnings-related retirement pension, the age requirement is 65 years, with at least one valid annual contribution. The earnings-related pension can be obtained between the ages of 60 and 64 at reduced rates. Similarly, the pension can be deferred to the ages between 65 and 70 with enhanced rates.

For universal pension, a maximum monthly pension is fixed by government and the admissible monthly pension in individual cases is calculated on the basis of 0.025 times the monthly maximum pension for each year of residence in Canada after attaining the age of 18, but subject to a maximum of 40 years. Deferred pension is increased by 0.6 per cent a month for each month the pension is taken after age 65, up to 70 years of age.

¹¹ At exchange rate on March 31, 2017; source: <https://www.xe.com/currencytables/?from=CAD&date=2017-03-31>

In the earnings-related pension, full pension at age 65 is about 25 per cent of the average monthly earnings during the period of contribution, subject to a maximum monthly pension fixed by the government. The full pension will gradually rise from 25 to 33 per cent from 2019 to 2059.

The CPP provides for permanent disability benefits, for which there is a qualification requirement of a contribution in four of the last 6 years. If the beneficiary has at least 25 years of contributions, the qualification requirement is reduced to 3 of the last 6 years. A basic monthly pension is paid plus 75 per cent of the earnings-related retirement pension. At 65 years of age, the disability pension is replaced by the retirement pension.

Low income survivor allowance is paid to eligible widow or widowers under the universal/social assistance programme.

Both the universal and earning related pensions are payable abroad, but for the pension under the universal programme to be exportable, the beneficiary must have resided in Canada for at least 20 years.

China

China's social security system comprises social insurance, mandatory individual account and a social assistance system, of which we consider only the first two components. There are also separate schemes for rural and non-salaried urban residents. By 2020, the government aims to establish a comprehensive and unified pension system that will cover both rural and urban residents. In this paper, we describe only the basic pension insurance and mandatory individual account.

In both the social insurance and mandatory individual account, all employees including foreigners and migrants in urban enterprises, urban institutions managed as enterprises, self-employed persons and small business owners with no employees are covered.

The insured person pays no contribution for the social pension insurance in general, but it may be required by local government regulations to make such a contribution. For the mandatory individual account, they are required to pay 8 per cent of gross earnings. The employer contributes up to 20 per cent of the payroll for social insurance, as stipulated by the local government, but nothing for the mandatory individual account.

For both social insurance and mandatory individual accounts, the qualifying age is 60 for men and professional women. A lower age applies to other categories of women. There should also be a minimum of 15 years of coverage.

For calculating the pension in the social insurance the previous year's average monthly local wage is added to the individual average monthly wage used to calculate contributions, and the sum is divided by two. The number thus obtained provides the basis for calculation of old age pension. For each year of contribution, the beneficiary gets 1 per cent of this number. The result is then multiplied by 1 per cent for each year of contribution.

Thus, the monthly pension is calculated in the following manner:

$$\frac{\text{Average local wage} + \text{Individual average wage}}{2} \times 1\% \text{ of each year's contribution}$$

The average individual monthly wage used to calculate contributions is the insured's monthly wage, adjusted with reference to the index of the average monthly local wage. For the mandatory individual account, the monthly benefit is calculated on the basis of the total employee contributions plus accrued interest.

The disability pension is 40 per cent of the insured's monthly wage under social insurance. No cash benefit is provided from the mandatory individual account.

The survivors' benefit from social insurance is a lump sum of six to 12 months of the deceased's last monthly wage, depending upon the number of surviving dependants. From the mandatory individual account, the survivor is paid another lump sum of the total of the employee's contribution plus accrued interest.

France

The French social security system comprises social insurance, mandatory complementary pension and a social assistance system. We consider only the first two components in this paper.

The social insurance system covers all employed persons in commerce and industry and salaried workers in agriculture, and special systems apply to mining, railroad, public sector employees, utilities and self-employed persons. Mandatory complementary schemes cover employed persons in commerce and industry, salaried people in agriculture and dependent spouses in certain circumstances.

In social insurance, the insured person contributes 6.9 per cent of earnings towards old-age and some survivor benefits and 0.35 per cent towards survivor allowance. In the mandatory complementary schemes, the insured pays 3 to 8 per cent, depending upon the scheme. The employer contributes 8.55 per cent of payroll for old age benefit and 1.85 per cent for survivor allowance. For mandatory complementary schemes, the employer's contribution varies from 4.65 per cent to 12.75 per cent of the monthly payroll. No minimum monthly earnings are used to calculate contributions but there is a maximum of Euro 3,218 for such calculations.

The qualifying age for old-age pension is 62 years for both social insurance and mandatory complementary scheme. The qualifying insurance period depends upon the insured's month and year of birth and is in the range of 163-172 quarters of coverage. If a person is not qualified for full pension due to coverage requirement then partial pension is provided at the age of 62 with a minimum one quarter of coverage. For disability pension, the condition is that there should be at least 12 months of coverage before the disability began and 600 hours

of employment in the last 12 months. There is a means test for spouses in social insurance but no means test in the complementary schemes.

The old-age benefit in social insurance is 50 per cent of the average adjusted earnings in the best years for those born after 1948. In the complementary scheme, there is a system of accrual of points during the period of service and the old-age pension depends upon the number of points accrued multiplied by the value of a point at the time of retirement.

For disability pension, the insured gets 50 per cent of the average earnings if totally incapable of professional activity from social insurance and 30 per cent if capable of some activity. Average earnings are based on the adjusted earnings in the best 10 years.

The spouse gets 54 per cent of the old-age social insurance pension of the deceased. In the complementary scheme, the spouse receives 50 per cent of the pension of the deceased.

Germany

Germany's social insurance system covers all employed persons including apprentices as well as certain self-employed persons. Certain concessions and privileges have been extended to East Germany.

Insured persons pay a contribution of 9.345 per cent of monthly earnings over Euro 850 (US\$ 909.3)¹² and a reduced contribution for earnings below that amount. Employers contribute 9.345 per cent of the monthly payroll and 15 per cent for employees with monthly earnings of less than €450 (US\$481.4). The maximum annual earnings used to calculate contributions are €74,400 (US\$79,590.8).

The qualifying age for old-age pension is 65 years and five months, which will be gradually raised to 67 by 2029, but a general requirement is that there should be at least five years of contributions. There is an earnings test and old-age pension depends upon the level of individual earnings. If the monthly earnings are less than €450, the full pension is paid, and if it is more, the pension is modulated according to the level of income. The requirement for disability pension is that the insured must have at least five years of contributions and three years of compulsory contribution in the last five years before the disability began. Five years contribution also applies for survivor benefit.

For the purpose of calculation of the old-age pension the total individual earning points are multiplied by the pension factor and the pension value. These terms are explained below.

$$\text{Individual earnings points} = \frac{\text{individual lifetime earnings}}{\text{average national earnings}} \times \text{normal entry factor}$$

The normal entry factor is 1.0 and this is adjusted on the basis of the age at which the insured is first awarded a pension.

¹² At exchange rate on March 31, 2017; source: <https://www.xe.com/currencytables/?from=EUR&date=2017-03-31>

The pension factor for old age pension is 1.0 for the insured, but it is reduced for some other benefits e.g. it is 0.5 for invalidity pension, when there is only a partial reduction in earning capacity.

The pension value represents the monthly benefit amount calculated for average covered earnings for one year.

There is provision for both early and deferred pension. Compensation is paid to low-income workers.

The disability pension is also calculated on the basis of the same elements, viz., total individual earnings, pension factor and the pension value. For survivor benefit, the calculation of the spouse's pension is also based on the total of the deceased's individual earning points multiplied by the pension access factor, the pension factor and the pension value. The spouse's pension is calculated assuming that the deceased lived until the age of 62.

India

Apart from social assistance programmes that do not apply to migrant workers, there are three programmes for old-age, disability and survivor benefits: provident fund and survivor deposit-linked insurance scheme, pension scheme and the gratuity scheme.

Provident fund and survivor (deposit-linked) insurance scheme: Employees with monthly wages of Rs. 15,000 (US\$231.3)¹³ or less, working in firms with at least 20 workers in 186 listed categories of industries are covered as are employees of other businesses specified in law with more than 50 employees. Voluntary coverage is possible for employees with wages more than Rs.15,000 in covered firms if the employer agrees. It is also possible for employees of firms with fewer than 20 workers to be covered if the employer and a majority of employees agree to contribute. Self-employed persons, agricultural workers and members of co-operatives with less than 50 workers are completely excluded.

The upper limit of Rs 15,000 per month for mandatory coverage virtually excludes all foreign workers working in India from the ambit of the EPF scheme. However, the Government of India issued a notification on October 1, 2008, to create a new category of international workers (IWs) to remedy the deficiency. IWs include the following:

- (a) "an Indian employee having worked on or going to work in a foreign country with which India has entered into a social security agreement and being eligible to avail (*sic*) the benefits under a social security programme of that country, by virtue of the eligibility gained or going to gain (*sic*), under the said agreement".
- (b) "an employee other than an Indian employee, holding other than Indian passport, working for an establishment in India to which the Act applies".

¹³ At exchange rate on March 31, 2017; source: <https://www.xe.com/currencytables/?from=INR&date=2017-03-31>

International workers, unless specifically excluded, were 'entitled and required' to become a member of the scheme. At the same time, the salary limit above which there was no requirement to contribute to pension and provident fund was removed for such workers. The idea was that foreign nationals belonging to a country with which India entered into a reciprocal SSA would be excluded from the application of the scheme and the need to make a contribution to it by virtue of being a detached worker.

The above amendment in the scheme opened the door for India to sign SSAs with other countries providing for social security benefits for both Indians working abroad and foreign nationals working in India. As soon as the above notification became effective, there were initiatives for negotiations of SSAs from various countries and several of them entered into such agreements with India within a few years (Tewari et al. 2017).

Pension scheme (social insurance): Employees who became members of the provident fund on or after November 16, 1995, are eligible, but self-employed persons, agricultural workers and members of cooperatives with less than 50 workers are excluded.

Gratuity scheme: Employees of factories, mines, oilfields, plantations, ports, railways and businesses with at least 10 workers who have been in continuous employment for a period of more than five years are covered.

For provident fund, the beneficiaries contribute 12 per cent of basic wages (reduced to 10 per cent in specific cases), and Rs. 15,000 is the maximum monthly wage used to calculate the contribution. For other benefits, there is no requirement for the beneficiaries to make a contribution. Employers also pay a contribution of 12 per cent in all, out of which allocations are made towards the employers' share of the provident fund and for meeting the cost of pension and employees' deposit linked insurance scheme. A share of 3.67 per cent goes towards the provident fund and of 0.85 per cent for meeting the administrative costs thereof. For the survivor (deposit-linked) insurance scheme, the employer contributes 0.5 per cent of monthly payroll plus 0.01 per cent for administrative costs. For the pension scheme (social insurance), the employer's contribution is 8.33 per cent of the monthly payroll and the gratuity scheme costs an average of 4 per cent of the monthly payroll. The government contributes 1.16 per cent towards the pension scheme (social insurance).

Old-age benefit of provident fund becomes payable on retirement at 58 years or if permanently emigrating. Partial withdrawals from the provident fund are permissible for specific purposes like children's higher education or marriage. Old age pension (social insurance) starts at age 58 with at least 10 years of coverage. For payment of gratuity, the beneficiary must have at least 5 years of continuous service.

The old age benefit in the case of provident fund is the accumulated amount of contributions plus accrued interest less any withdrawal. The monthly pension is on the basis of the length of service and the wage at retirement. The minimum monthly pension is Rs.1,000. A lump sum of 15 days wages for each year of continuous service is paid, but there is a maximum amount stipulated.

As permanent disability benefit, the beneficiary receives the provident fund, disability pension or gratuity payments that they would have otherwise received on retirement.

Survivor benefit in respect of provident fund is the amount payable to the deceased, i.e., the accumulated amount of contributions plus accrued interest minus withdrawals. For deposit-linked insurance scheme, the survivor is paid a lump sum (in addition to the provident fund survivor benefit) on the basis of 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, subject to a stipulated maximum amount.

Indonesia

In 2015, a new mandatory defined benefit pension scheme was introduced, providing for old-age, disability and survivor benefits, applying to employees working in formal and informal sectors. Foreign workers who have worked for at least six months are also covered. Voluntary coverage of self-employed persons is also permitted. Social insurance covers public and private sector employees.

Contributions to provident fund are 2 per cent of gross monthly earnings, to social insurance 1 per cent and none for mandatory life insurance by employees. The employer pays 3.7 per cent towards provident fund, 2 per cent for social insurance and 0.3 per cent for mandatory life insurance. Self-employed persons pay 2 per cent to the provident fund and 1 per cent for mandatory life insurance. The government does not contribute to any component.

The qualifying age for provident fund is 56, which will be raised gradually to 65 by 2043, but payment can be made at any age if emigrating permanently. The benefit can be deferred with no limit on age. For old age pension (social insurance), the qualifying age is 56, which will also be raised gradually to 65 by 2043, with at least 180 months contribution, a lump sum being paid for less. Disability pension is paid at a younger age, if there is a disability, and survivor benefit is payable from the provident fund, as also survivor pension on death.

Old-age benefit from the provident fund is the accumulated contributions by employees and employers plus accrued interest. If the accumulation is more than 50 million rupiah, the beneficiary may opt for periodic payments. In the calculation of the monthly old-age pension (social insurance) the insured gets 1 per cent of the average adjusted annual earnings for each year of paid contribution, divided by 12. If the contribution is for a period of less than 180 months, a lump sum is paid on the basis of accumulated contributions plus income derived from investments.

The permanent disability benefit from provident fund and disability pension (social insurance) are given on the same scale as the benefits in respect of normal beneficiaries. However, in the case of disability pension, if the contribution is less than for the prescribed period, a lump sum is paid, equal to contributions and including investment income. Survivor's benefits include full payment from the provident fund to which the deceased was entitled as well as 50 per cent of the social insurance pension or the disability pension.

Italy

The social security system has two components, the notional defined contribution (NDC) and social insurance. We do not consider here the social assistance scheme which covers Italian citizens, citizens of the European Union residing in Italy and non-European citizens residing in Italy with a special residence permit. NDC covers employed persons including household employees and certain self-employed persons, whose insurance period began on or after January 1, 1996. Social insurance applied to the same categories of workers who had 18 years of contributions as of December 31, 1995. Thus, employees who had less than 18 years of contribution as of December 31, 1995, are covered by both social insurance and NDC.

The insured pays contributions towards the NDC and social insurance generally at the rate of 9.19 per cent of gross earnings; the contribution for those in the performing arts is 9.89 per cent. The employer pays much more, 23.81 per cent generally and 25.81 per cent for the performing arts. Contributions are calculated on the basis of the daily minimum wage. For those insured before 1996, contributions are calculated on all earnings. For those who entered later, a maximum is prescribed for earnings to be used for the purpose of calculations. The government meets the deficit.

The qualifying condition for old-age pension in both NDC and social insurance is 66 years and seven months for men and women. In addition, there is a requirement of a minimum of 20 years of paid and credited contributions. For those aged 70 years or older, the minimum contribution required is reduced to five years. For social insurance also, the age required and minimum contributions are the same. Early pension is allowed. For disability pension, in case of total disability or partial disability up to 66.7 per cent of working capacity, at least five years contribution is required, including three in the last five years before the claim.

For the NDC, the pension is calculated on the basis of notional contributions, the average rate of increase in GDP in the last five years and an actuarial coefficient varying with the insured's age. In social insurance, it is based on the average annual earnings in the previous five years, the number of contributions and a coefficient which varies with the level of annual earnings.

The permanent disability pension is also calculated on the basis of the same factors as old-age pension under the NDC as well as social insurance.

Survivor pension for a spouse without children is 60 per cent of the old-age or disability pension the deceased received or was entitled to receive. For a spouse with one child, it is 80 per cent; if the spouse has two or more children, it is 100 per cent.

Old age benefits both under the NDC and social insurance as well as disability benefits are payable abroad.

Japan

There are two programmes for old age and related benefits, the National Pension (NP) and the Employees' Pension Insurance (EPI) programmes. The NP covers residents of Japan aged 20 to 59 years, but voluntary coverage is envisaged for residents aged 60 to 64 and up to 69 in special cases. For Japanese citizens, the NP applies from 20 to 64 years and 69 years in special cases. The EPI covers employed persons up to the age of 70 years. Most self-employed persons are excluded.

In NP, the insured person pays a fixed monthly contribution, which is a uniform amount for everyone while the employer is not required to make any contribution. Instead, the government pays 50 per cent of the cost of benefits and the cost of administration. For the EPI, the employee pays 9.150 per cent of earnings (September 2017). The employer contributes an equal proportion.

In NP, the qualifying condition is the attainment of 65 years of age with at least 25 years of contribution, the full pension becoming payable after 40 years of contribution. Early pension can be taken between the ages of 60 and 64; or the pension may be deferred until the age of 70. In the EPI, the minimum age requirement is 60 years which will be raised to 65 years for men by 2025 and women by 2030, with at least 25 years of contribution. For migrant workers, the qualifying period of contribution is reduced to 10 years in both schemes.

In NP, the full pension is fixed at a uniform amount for all insured persons. For early pension, the pension is reduced by 0.5 per cent for every month before the age of 65. For deferred pension, the pension is increased by 0.7 per cent for every month after 65 years of age. In EPI, the pension is based on the beneficiary's average monthly wage over the full career multiplied by a coefficient determined by the beneficiary's date of birth and number of months of coverage.

There is a qualification condition of one year's contribution for disability pension. Under the NP, disability benefits are fixed at separate levels for Group I and Group II, according to the severity of the disability. From the EPI, the beneficiaries of the disability pension receive 125 per cent of the old age employees' pension for Group I disability and 100 per cent for Group II and III disability. A lump sum of 200 per cent of the old age employees' pension is payable as disability grant, subject to a fixed minimum amount.

A fixed annual payment is admissible as survivor pension from the NP for the widow or widower. From the EPI, the survivor receives 75 per cent of the old age pension. A widow's supplement is also paid. A lump sum is paid from NP as death grant, depending upon the number of contributions made by the insured.

Mexico

As in other Latin American countries, the social security system has a social insurance component, a mandatory individual account and a social assistance system for legal residents in Mexico. We consider the first two, which are relevant in the context of migrant workers.

Prior to 1997, social insurance for long term benefits in Mexico, which covered employees of the private sector and co-operatives, was based on the traditional defined benefit pension system and the benefit was calculated on the basis of the number of years of contribution and the average salary during the last five years (Hernandez and Vernon 2012). In 1997, there was a major reform and a mandatory individual account was introduced. Existing beneficiaries were given the option to receive benefits either from the pre-existing social security system or the newly introduced mandatory individual account.

The insured persons pay a contribution of 1.125 per cent of earnings for old age and 0.625 for disability and survivor benefits in the mandatory individual account or social insurance and the employer pays 5.15 of the payroll towards old-age benefits and 1.75 per cent for disability and survivor benefits. The government also contributes 0.225 per cent of earnings and a fixed flat rate amount towards old age and 0.125 per cent of covered earnings towards disability and survivor benefits. The government also meets the total cost of the minimum guaranteed pension. The minimum wage is the minimum earning used to calculate contributions and the maximum is 25 times the minimum wage.

Old age benefits become payable in the mandatory individual account at age 65 with at least 1,250 weeks' contribution. If the contribution is for a shorter period, the insured has the option of either continuing to make payments or receiving a lump-sum benefit. There is a legally fixed and guaranteed minimum monthly pension from the mandatory individual account. The government meets the total cost of guaranteed monthly minimum pension. Early pension is payable at any age provided that the individual account balance is sufficient for a pension of at least 30 per cent of the guaranteed monthly pension.

The insured have two options for old age benefit in the mandatory individual account: either to withdraw the balance fully or partly, or purchase an annuity. There is a guaranteed minimum monthly pension of a fixed amount, with a dependant's supplement of 15 per cent for wife or partner and 10 per cent for each child younger than age 16 and 10 per cent for each dependent parent. In social insurance, the old age pension is calculated on a different basis but the guaranteed minimum for all dependants are the same as in the mandatory individual account.

There is a qualification requirement of 150 to 250 weeks of contribution for disability pension under both the mandatory individual account and social insurance. The disability pension in the mandatory individual account is 35 per cent of the insured's average adjusted earnings in the last 500 weeks during which contributions have been made. The spouse and other dependants receive the same benefits as in old age pension.

By way of survivor's benefit, the spouse gets 90 per cent of the old-age or disability pension that the deceased received or was entitled to receive.

All three benefits are payable abroad on the basis of reciprocal agreements.

Republic of Korea

South Korea has a single programme of social insurance for employed and self-employed persons and special schemes for civil servants and some other categories. There is also a basic old-age pension for low-income citizens. We cover only the national pension for employed and self-employed persons, including farmers and fishermen.

The insured person pays 4.5 per cent of the gross monthly earnings and the employer also contributes in the same proportion. The government covers part of the cost of administration and contributions from some farmers and fishermen and contributions from low-income employees.

The qualifying condition for old age pension is 61 years of age (which will be raised gradually to 65 by 2034) and at least 20 years of coverage. The old age pension is provided at a reduced rate if the coverage is between 10 to 19 years. Early pension is possible for those who are in the age group of 56-60 provided there is a minimum of 10 years of coverage. Those with coverage of 10 to 19 years are eligible for a reduced old age pension at the age of 61 (to be raised gradually to 65 by 2034). If the beneficiary has contributed for less than 10 years at 61 years of age, a lump sum refund is made.

The old age pension is the insured's monthly basic pension amount (BPA) which is 1.38 times the sum of the national average indexed monthly wage in the past three years and the insured's average monthly wage over the entire contribution period. The factor 1.38 will be reduced gradually to 1.2 in 2028. The amount of early pension depends on three factors, viz monthly BPA, period of coverage and age at the time of commencement of pension.

There is a qualification requirement of payment of 66.7 per cent of scheduled contribution on time for disability pension. The disability pension is calculated on the basis of the beneficiary's BPA and the degree of disability. In case of first degree disability, when there is total loss of work capacity, the beneficiary is eligible for payment of disability pension equal to 100 per cent of BPA. For second and third-degree disability, 80 or 60 per cent respectively is paid.

A lump sum disability benefit is also paid at the rate of 225 per cent of the BPA.

As survivor benefit, the beneficiary receives 60 per cent of the deceased's BPA if the contribution has been paid for at least 20 years. If contribution has been made for 10-19 years, the benefit is 50 per cent and for less than 10 years, it is 40 per cent.

Russia

In Russia the social security system includes social insurance, individual account and a social assistance system. The system of individual accounts was introduced in 2011 for persons born in 1967 or later, but currently, the contributions to individual accounts have been diverted to social insurance.

The social security system covers employed citizens, self-employed persons and independent farmers. Foreign citizens holding temporary or permanent residence status are also covered by the mandatory old age pension insurance.

The insured do not need to make any contributions to social insurance and the entire contribution comes from employers who pay 22 per cent of the payroll. Self-employed persons pay an annual contribution of a fixed amount.

In the case of foreign citizens, the insurance contribution from their remuneration is deducted by the employer for payment to the pension fund and social insurance fund.

The qualifying age for old-age pension is 60 for men and 55 for women with at least nine years of coverage, which will be raised gradually to 15 years in 2024. The beneficiary must have at least 13.8 pension points (to be raised gradually to 30 by 2025). The number of pension points is determined by the number of contributions and the period of insurance. The qualifying conditions are reduced for some categories, such as those working in the far-north region or in hazardous work and mothers with five or more children.

The pension for old age benefit is determined by the number of pension points the beneficiaries have to their credit and the value of the pension point in the year the pension is claimed plus a flat rate. Pensioners up to 80 years of age with no dependents are entitled to a basic monthly flat-rate benefit; higher flat-rates are admissible for one, two or three and more dependants. The basic flat rate is higher for a pensioner aged 80 years or more.

The permanent disability pension is calculated in the same manner as old-age benefit but the flat-rate component is increased with the degree of disability and the number of dependants. There is a qualification requirement of at least one day of work for disability pension.

The survivor's benefit is equal to that of the deceased; the basic monthly flat-rate component is fixed for each child and other dependents.

Old age benefit is payable abroad in accordance with national legislation and reciprocal agreements.

Saudi Arabia

Saudi Arabia has had a social insurance system from 2001, applicable to private sector employees and some categories of public-sector employees. There is voluntary coverage for persons who are self-employed. However, agricultural workers, fishermen, household workers, family labour and, most importantly, foreign nationals are excluded.

The insured and the employer pay 9 per cent each of the gross earnings or payroll towards social insurance. The government pays any actuarial deficit.

The qualifying age is 58 for men and 53 for women, with at least 120 months of paid or credited contributions. For arduous or unhealthy work, the age is 53 for men. For disability

pension before age 58, the insured must have at least 12 consecutive months of contribution. There are longer contribution period requirements for non-consecutive months of contribution. For survivor's pension, the deceased must be in covered employment at the time of death and must have three consecutive or six non-consecutive months of contribution. Survivor settlement is paid to eligible survivors if the deceased did not qualify for a pension.

In old age pension, for each year of contribution the beneficiary is entitled to 2.5 per cent of the average monthly earnings during the last 24 months, subject to a maximum of 100 per cent of average. If the insured does not qualify for old age pension an old age settlement is paid. The old age settlement is a lump sum calculated at the rate of 10 per cent of the average monthly earnings during the last two years for each month of the first five years of the contribution, and at the increased rate of 12 per cent for any additional months.

The disability pension is calculated generally on the same pattern as the old age pension except that the last 24 months before the disability began is taken into account for the purposes of calculation.

The survivor receives the same old age or disability pension as the deceased received or would have received, if there are three or more survivors. The pension is reduced to 75 per cent for two dependants and 50 per cent for a single dependant. In case of death while in active employment, it is 2.5 per cent of the deceased's average monthly earnings during the last 24 months before death.

A common minimum amount has been stipulated for old age, disability or survivor's pension.

South Africa

South Africa's social security system has social insurance and social assistance components. Employed persons, including household and seasonal workers, who work for more than 24 hours a month are covered by social insurance. A significant feature of the framework for social security in South Africa is that foreigners working under a contract are excluded from social insurance. The social assistance programme covers only needy resident citizens, permanent residents of South Africa and refugees residing in South Africa.

The government meets the entire cost of the social assistance programme and neither the employee nor the employers are required to make any contributions. Under social insurance, the employees and employers make a contribution of 1 per cent of the covered earnings or the covered payrolls respectively. The insured person's contributions also finance survivor's benefits, sickness benefits, adoption and maternity benefits.

Old age benefit comes out of the social assistance programme and is means tested. The qualifying age is 60 years and the beneficiary's annual income must be no more than the fixed minima for a single person or a couple. Limits are prescribed on the assets for a single person and a couple. A means test applies for disability grant as well.

The permanent disability grant is a fixed amount paid monthly. Unlike the old-age benefit and permanent disability benefit, the survivor's benefit comes out of social insurance and not out of social assistance. The survivor's benefit is 38 to 60 per cent of the deceased's daily earnings, depending on the level of earnings and is paid for up to 238 days. Lower income persons receive a higher percentage of their earnings.

Turkey

Employees including foreign nationals with a service contract in the private or public sectors and self-employed persons and full-time household workers are covered by social insurance for old-age, disability and survivors' benefits.

The insured person contributes 9 per cent of monthly earnings and the employer 11 per cent. Government also makes a contribution of 25 per cent of the total collections from employers and employees. The legal monthly wage is the minimum monthly earnings for the purpose of calculation of contributions and the maximum is 6.5 times the minimum monthly earnings.

The first qualifying condition is that the worker with at least 7,200 days of paid contributions should have reached 60 years of age in the case of men and 58 years in the case of women. A higher age of 63 years for men and 61 years for women is prescribed if they have at least 5,400 days of paid contributions. It has been decided to fix a common qualifying age of 65 years for men and women by the years 2044 and 2048 respectively.

For calculating old age pension, the starting point is the average monthly earnings of the beneficiary during the entire working life. For arriving at the pension rate, this average is multiplied by the accrual rate, which is 2 per cent for each 360-days of contribution.

There is a qualification requirement of at least 10 years of coverage and 1800 days of paid contributions for receiving disability pension. The disability pension is the same as old-age pension except that for workers with less than 7,200 days of contributions, the accrual rate is calculated as if they had 7,200 days of contribution.

The spouse receives 50 per cent of old-age or disability pension of the deceased and 75 per cent if the widow or widower does not have children and is not working or receiving a pension. Other survivors including orphans and dependent parents receive 25 per cent of old age or disability pension each but all survivors' benefits cannot exceed 100 per cent of the old-age or disability pension that the deceased received or was entitled to receive.

The old age, disability and survivor pensions are partially payable abroad if there is a reciprocal arrangement with the country concerned.

United Kingdom

The system of pension and other old age benefits has been evolving in the United Kingdom. Before 2016, the statutory state pension scheme comprised a basic state pension and a mandatory earnings-related additional pension known as the state second pension. Both were

financed through earnings-related national insurance contributions (NICs). In April 2016, the two pensions were merged and a single-tier system was introduced for workers retiring on or after April 6, 2016. In the new system, all employed workers with earnings of £155 (US\$ 194.3)¹⁴ to £827 (US\$1036.6) per week and self-employed workers with an income of £5,965 (US\$7476.6) a year are covered.

Insured persons pay 12 per cent of weekly earnings from pounds £155 to £827 and an additional 2 per cent of weekly earnings if it is more than £827 per week. Employers are required to contribute 13.8 per cent of employees' earnings that are greater than £155 a week. Self-employed persons are required to contribute £2.80 (US\$ 3.5) per week if earnings are greater than £5,965 (US\$ 7476.6) plus 9 per cent for earnings from £8,060 (US\$ 10,102.5) to £43,000 (US\$ 53896.6) and a further 2 per cent for annual earnings greater than £43,000.

The qualifying age for single-tier pension is now (2018) 65 for both men and women but there is also a requirement of a minimum 35 years of contributions. The common retirement age will rise further to 67 by 2028. There is provision for partial pension but for this there should be a minimum contribution of 10 years. The old-age benefit in the single-tier system was £155.65 (US\$195.1) per week (April 2016). Deferment is possible with the additional benefit of 5.8 per cent per year.

There is no separate disability pension in the UK but workers who are permanently disabled while working receive certain state benefits. Survivors have to be over the pension age in order to be able to claim extra payments from the husband, wife or civil partner's state pension.

The pension is payable abroad only if the beneficiary is ordinarily residing in an EU or EEA member country, Switzerland or a country with a reciprocal agreement.

United States

All employees including self-employed persons with at least US\$400 in annual income are eligible for old age, invalidity and survivors' benefits.

The insured persons and the employers each have to contribute 6.2 per cent of the earnings for the benefit. There is a ceiling of US\$118,500 on the annual earnings used to calculate contributions. The old-age pension becomes payable at the age of 66 (which will rise to 67 in 2027). The most important qualifying condition is that contributions should have been at least for 40 quarters.

For the calculation of pension, the average of 35 years of the highest annual earnings is taken into consideration. Early pension can be drawn at the age of 62 or the pension deferred until 70 years of age. For early pension, the pension is reduced for each month the insured is younger than the full retirement age and for deferment, it is enhanced by 8 per cent for each

¹⁴ At exchange rate on March 31, 2017; source: <https://www.xe.com/currencytables/?from=GBP&date=2017-03-31>

year. The spouse also receives 50 per cent of the insured's old-age pension if he or she is 62 years of age and has been married for at least one year before applying for pension. Children too receive up to 50 per cent of the insured's old age pension. The maximum combined old age benefits that can be received in a family are in the range of 100 to 180 per cent of the insured's old age pension. Pensions are payable abroad to citizens but for non-citizens, a reciprocal agreement is required.

Disability or invalidity pension is payable if there is an incapacity to engage in substantial gainful activity. One of the qualifying conditions is the requirement of duration of work, which is increased progressively with the increase in the age at which the disability begins. If the disability begins before age 28, there should be a least six quarters of coverage but if it begins at age 60 the requirement of coverage is increased to 38 quarters. As in the case of old age pensions, disability pensions are payable abroad to citizens but such payment is subject to a reciprocal agreement in respect of non-citizens.

In the event of the death of an insured person, the survivor receives at the time of the full retirement age, 100 per cent old age or invalidity pension that the deceased received or was entitled to receive at the time of death. As in the case of pensions and disability pension, survivors can receive pension abroad but if they are non-citizens (such as in the case of migrant workers), the payment is subject to there being a reciprocal agreement.

The following Table 3 gives a snapshot of the conditions for eligibility and exportability in respect of long term social security benefits in G19 countries:

Table 3: Minimum qualifying conditions for social security benefits in G19 countries

| Country | Minimum qualifying period of contribution/residence for old age pension (years unless indicated otherwise) ¹⁵ | Minimum qualifying condition/s for disability pension | Exportability of benefits |
|------------------|--|---|--|
| Argentina | 30 years of contributions for old age pension (social insurance). In universal old age pension 10 years of residence for naturalised citizens and 20 years for foreign resident citizens | Contribution for 30 years or 30 months of contributions in the 36 months before disability began | Subject to agreement |
| Australia | 10 (residence) for universal old age pension | 10 years of residence | Subject to agreement* |
| Brazil | 15 years of contributions | 12 months of contributions | Subject to agreement |
| Canada | 10 years residence for universal pension; one annual contribution for earnings related Canada pension plan | Normally 4 years of contributions in last 6 years | Allowed** |
| China | 15 years coverage for basic pension and 15 years of contribution for mandatory individual account pension | No specific contribution required | |
| France | One quarter of coverage | 12 months of coverage and 600 hours of employment in last 12 months before disability began | Allowed |
| Germany | 5 | 5 years of contributions and 36 months of compulsory contribution before disability | |
| India | 10 | 1 month of contribution | Subject to agreement |
| Indonesia | 180 months | 1 month of contribution | |
| Italy | 20 | 5 years contribution including 3 in last 5 years | Allowed |
| Japan | 10 for migrant workers and 25 for citizens in both National Pension Programme (NPP) and Employee Pension Insurance (EPI) | 1 year of contribution | |
| S. Korea | 20 for normal pension; 10 to 19 for reduced pension and 10 for early pension | Payment of 66.7 % of contribution on time. | |
| Mexico | 1250 weeks for generally applicable mandatory individual account pension | 150 weeks of contribution for disability pension under both mandatory individual account and social insurance | Subject to agreement |
| Russia | 9 which will gradually increase to 15 by 2024 | One day of work | Subject to agreement |
| S. Arabia | 120 months | 12 consecutive months of contributions | NA |
| S. Africa | NA | NA | NA |
| Turkey | 7200 days for age 60 (men) or 58 (women) and 5400 days for age 63 (men) and 61 (women) | 10 years of coverage including 1800 days of paid contributions | Subject to agreement |
| UK | 10 | No scheme for disability pension but personal independence allowance is provided | Subject to agreement |
| US | 40 quarters | Work requirement of 1.5 to 10 years depending on age of the worker | Subject to agreement for migrant workers |

¹⁵ Fulfillment of the minimum qualification requirement may entitle the pensioner to only partial pension. The quantum of pension is determined by the local regulations.

Note: * The old-age pension is payable abroad if the pension begins before the pensioner leaves the country. ** Old age pension is payable abroad only if the beneficiary has resided over 20 years in Canada. *** 36 months of compulsory contribution in last five years before the disability. **** The basic retirement pension is payable abroad but is adjusted only if the beneficiary is ordinarily residing in an EU or EEA member country, Switzerland or a country with a reciprocal agreement.

Overview of the social security systems in G19 countries:

- Most G19 countries, and particularly the developed countries among them, have a very evolved social security system, with long term benefits that cover citizens as well as migrant workers. However, in two countries, Saudi Arabia and South Africa, foreign workers receive a different treatment on these benefits as compared to citizens. In Saudi Arabia, foreign workers are excluded altogether from the ambit of long term benefits. In South Africa, foreign workers are eligible for survivors' benefits but ineligible for old age pension and invalidity benefits.
- The general pattern of old age social security programmes in G19 countries is to have one or more programmes funded through contributions by employers and employees over a defined period, with the government contributing to a lesser extent. In many countries, employers and employees pay an equal proportion of the earnings/payroll, but in some countries (e.g. France), the employers pay a larger share and in one country, they alone contribute.
- The contribution by the employee is generally a proportion of the monthly earnings and by the employer a proportion of the payroll. Self-employed persons pay for both.
- In some countries, there are universal systems in which the old age pension does not involve contributions and is financed by the federal or central government. In universal systems, there is a requirement of residence in the country for a defined period.
- The attainment of the prescribed age is the first qualification requirement for old -age pension. Most countries allow the payment of pension to begin a few years before the stipulated age of retirement or to be deferred by a few years. In the case of early payment, the pension is reduced and for deferred payment it is increased.
- In all countries, in which pension is dependent on contributions from employees and employers, there is a requirement of contribution for a minimum period in years, quarters or months. If contributions have not been made for the minimum period, generally a lump sum is paid to the pensioner at retirement.
- The old age pension is calculated on the basis of contributions made by the employees and employers or on the basis of the earnings level at the time of retirement. In some countries, the average earnings in the country at the time of retirement are also a factor.

- In some countries, the main benefit at the time of retirement is the accumulated savings along with interest and not a pension. However, the pensioner has the option of buying a pension plan from the savings.
- In case of death of the pensioner, the spouse gets the pension at a rate which is generally reduced to half the pension received by the deceased.
- All countries have a scheme of pension for disabled persons. Generally, the disabled person gets the full pension admissible at the time the disability occurred if they are fully disabled and the pension is reduced if the disability is less than full.
- The survivor's pension varies from country to country and is a proportion of the pension that the deceased received or was entitled to receive. In most countries, the survivor's pension depends upon the number of dependent children.
- Since disability pension depends upon the pension admissible at the time of disability and the survivor's pension is also dependent on the pension of the deceased, the length of contribution is a factor for all these payments.
- The pension is generally payable in the country in which it has been earned. However, most countries allow payment to citizens residing abroad, while exportability in the case of non-citizens is subject to the requirement of a reciprocal agreement. The same rule applies in the case of payment of disability pension and survivor's benefit.

4. Bilateral and Multilateral Agreements on Social Security

We have seen in the previous section that in the social security framework that exists in G19 countries, exportability in most cases is subject to a bilateral agreement whereby the two countries agree to allow exportability in the long term benefits on a reciprocal basis. As a result of such agreements, benefits can be transferred from the host to home countries as well as third countries that are not party to the agreement. We have also seen that in most countries, a condition for receiving long term benefits is the fulfilment of qualification by way of a minimum period of residence or a minimum number of contributions paid fixed in days, weeks, months, quarters or years. These periods are fairly long in most countries, ranging from five to 35 years. Since migrant workers work in the home country as well as in one, two or more host countries, they do not fulfil the minimum qualification requirement for receiving long term benefits in many cases. Such benefits can become payable to these migrant workers only if there is an agreement to totalise the periods of work in two or more countries. Bilateral agreements also provide for single taxation, relieving the migrant worker of the need to pay taxes as well as social security payments in both host and home countries. The principal beneficiary of such agreements is the migrant worker, as totalisation helps them to fulfil the requirement of residence or the number or period of contributions, which they would otherwise not fulfil if the period of contribution in the host or home country alone were taken into consideration. Social security agreements also contribute to the competitiveness of companies from both the host and home countries by reducing the wage

bill. Tewari et al. (2017) have provided estimates of monthly savings on account of social security to both employers and employees due to some of the SSAs that India has signed so far.

Most, but not all, countries extend equal treatment to citizens of other countries as far as social security benefits are concerned. In some countries, however, equal treatment to migrant workers is subject to the reciprocity requirement. Social security agreements are also used as an instrument to relieve migrant workers of the burden of double payment of taxes and social security in home and host countries for the same period. Bilateral agreements also contain clauses for governments to extend administrative support to facilitate claims and determine eligibility for social security benefits.

With the above objectives in mind, individual G19 countries have entered into bilateral agreements with many countries including with other G19 countries. Canada has the maximum number of bilateral SSAs with 57 countries followed by France (42), Australia (30), Turkey (28) and US (27). Italy has 22 and Germany has 21. South Korea is not far behind with 19 SSAs and India has 18. UK, Japan and Brazil have 17, 16 and 14 SSAs respectively. Other G19 countries with bilateral SSAs are Russia (9), China (8), Argentina (7), Mexico (6) and South Africa (4). However, two G19 countries, Indonesia and Saudi Arabia, have not signed bilateral SSAs with any country in the world (Annexure 1).

Many G19 nations also co-ordinate their social security systems with other countries through multilateral SSAs. While France, Germany, Italy and UK follow common EU regulations on social security, Argentina and Brazil are party to two multilateral agreements – the Ibero-American Multilateral Agreement on social security and the Multilateral Social Security Agreement of the Common Market of the South (MERCOSUR). South Africa is bound by the SADC Cross Border Portability of Social Security Benefits Policy Framework and Russia is part of the CIS agreement on co-operation in the field of labour migration and social protection for migrant workers (Annexure 1).

Table 4 below shows bilateral SSAs of individual G19 countries with other G19 nations. Canada and South Korea have the maximum of 12 bilateral agreements among G19 countries. Germany, Italy, Japan and the US are party to nine bilateral agreements each. Australia, Brazil and France have seven agreements each with other G19 nations. India and Turkey have six each while the UK has five. China has three. Argentina and Mexico have only two SSAs each. Indonesia, Russia, Saudi Arabia and South Africa have no agreement on social security with other G19 countries although they have such agreements with other countries. This should not cause surprise as Saudi Arabia's social security laws are generally not applicable to aliens and the other three do not have significant migrant flows either into or from other G19 countries although they have such flows with countries outside the G19. When the domestic law of Saudi Arabia does not envisage social security benefits for non-citizens, bilateral agreements will not serve any purpose in advancing the interests of migrant workers. Indonesia has major migrant worker flows only to Saudi Arabia among G19 countries and we have seen above that it would be futile to have an SSA with that country. In the case of Russia, migrant worker flows are almost entirely limited to CIS countries, none of

which is in the G19. Similarly, migrant worker flows from/to South Africa are largely with neighbouring countries, with the exception that there are significant migrant outflows to the UK.

The US, which is the largest destination for migrant workers, does not have bilateral agreements with three of the four largest migrant-sending countries, viz., India, Mexico and China. The UK, which is the fifth largest destination for migrant workers, similarly does not have agreements with these important migrant-sending countries. As observed earlier, Saudi Arabia, which is the fourth largest destination for migrant workers, does not have bilateral agreements with any G19 migrant sending countries, although it has entered into a limited agreement outside the G19, with the Philippines.

It is not within the scope of this paper to examine the contents of all the social security agreements among all G19 countries. However, we explore further the bilateral agreements entered into by India (the largest migrant worker sending country) and the United States (the largest migrant receiving country) to try to understand the scope and depth of these agreements.

Table 4: Matrix of Bilateral SSAs among G19 Countries, as of March 2017

| Countries | Argentina | Australia | Brazil | Canada | China | France | Germany | India | Indonesia | Italy | Japan | S. Korea | Mexico | Russia | S. Arabia | S. Africa | Turkey | UK | US |
|-----------|-----------|-----------|--------|--------|-------|--------|---------|-------|-----------|-------|-------|----------|--------|--------|-----------|-----------|--------|----|----|
| Argentina | ✓ | | | | | ✓ | | | | ✓ | | | | | | | | | |
| Australia | | ✓ | | ✓ | | | ✓ | ✓ | | ✓ | ✓ | ✓ | | | | | | | ✓ |
| Brazil | | | ✓ | ✓ | | ✓ | ✓ | | | ✓ | ✓ | ✓ | | | | | | | ✓ |
| Canada | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | | | | ✓ | ✓ | ✓ |
| China | | | | ✓ | ✓ | | ✓ | | | | | ✓ | | | | | | | |
| France* | | | ✓ | ✓ | | ✓ | | ✓ | | | ✓ | ✓ | | | | | ✓ | | ✓ |
| Germany | | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ | | | ✓ | ✓ | | | | | ✓ | | ✓ |
| India | | ✓ | | ✓ | | ✓ | ✓ | ✓ | | | ✓ | ✓ | | | | | | | |
| Indonesia | | | | | | | | | ✓ | | | | | | | | | | |
| Italy | ✓ | ✓ | ✓ | ✓ | | | | | | ✓ | ✓ | ✓ | ✓ | | | | ✓ | | ✓ |
| Japan | | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ | | | ✓ | ✓ | | | | | | ✓ | ✓ |
| S. Korea | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ | | | | | ✓ | ✓ | ✓ |
| Mexico | ✓ | | | ✓ | | | | | | | | | ✓ | | | | | | |
| Russia | | | | | | | | | | | | | | ✓ | | | | | |
| S. Arabia | | | | | | | | | | | | | | | ✓ | | | | |
| S. Africa | | | | | | | | | | | | | | | | ✓ | | | |
| Turkey | | | | ✓ | | ✓ | ✓ | | | ✓ | | ✓ | | | | | ✓ | ✓ | |
| UK | | | | ✓ | | | | | | | ✓ | ✓ | | | | | ✓ | ✓ | ✓ |
| US | | ✓ | ✓ | ✓ | | ✓ | ✓ | | | ✓ | ✓ | ✓ | | | | | | ✓ | ✓ |

Source: Panhuys et. al (2017) and Government of UK (<https://www.gov.uk/national-insurance-if-you-go-abroad>) and ILO

Note: * France-China SSA signed but has not yet entered into force

Bilateral agreements entered into by India

Between 2009 and March 2017, India entered into bilateral social security agreements on long term benefits with 18 countries, mainly in Europe (Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Hungary, Luxemburg, Netherlands, Norway, Portugal, Sweden, Switzerland), but also with two countries in East Asia (Japan and South Korea), North America (Canada) and Oceania (Australia). Six of these agreements are with G19 countries, namely Australia, Canada, Germany, France, Japan and South Korea. The main features of India's agreements are given below:

Equality of treatment of nationals of contracting states: All the 18 SSAs, except for those with Germany and Switzerland, provide generally for nationals of the two countries to have the same rights and obligations in respect of social security benefits.

Exemption from double payment for "posted workers": All agreements provided for the exemption of emigrating workers from social security contributions in the host country, if such workers have been deputed to work in the host country by an employer in the home country. However, the deputation has to be for a short period. In most countries the period of such deputation for which exemption from double contribution is granted is 60 months, but in the India-Sweden SSA, it is for 24 months, in India- Germany SSA, 48 months, and in India-Switzerland SSA, 72 months. In the India-Denmark SSA, it is 60 months for Indians but 36 months for the Danes. The exemption is based on the production of a certificate of coverage provided by the designated authority in the respective countries.

The period of deputation for which the exemption is granted is subject to extension as agreed during mutual consultation, and the term of extension varies from agreement to agreement.

Exportability of benefits:

Out of the 18 bilateral agreements signed by India up to March 2017, 15 provide for export of long term benefits, irrespective of the place where the beneficiary stays or resides after retirement, including the territory of a third state. The Indo-German agreement does not provide for the export of benefits. The arrangement in the Indo-Swiss agreement is that, as far as Switzerland is concerned, the person is refunded the contribution in accordance with the Swiss legislation at the time of relocation; and as far as India is concerned, the person is paid the withdrawal benefit or the pension in Switzerland or a third country in accordance with the Indian legislation. The Indo-Australian SSA contains no provision on export of benefit to a third country, although it is permitted in the contracting states.

Totalisation of contribution periods

Except for the SSAs between India on the one hand and Germany, the Netherlands and Switzerland, on the other, India's SSAs provide for totalisation, i.e., adding up of the periods of contribution to determine the eligibility of beneficiaries to long term benefits. While the two periods are added up for the purpose of fulfilling the qualification requirement for old

age benefit, the payment of the benefit is still made on the basis of the period of contribution in the country concerned. Thus, 15 of the 18 SSAs contain provisions on totalisation.

Bilateral agreements between the USA and other G19 countries

The USA has bilateral SSAs with 27 countries of which Australia, Canada, Italy, Japan, Germany, France and South Korea are G19 countries. The main features of these agreements are described below:

Equality of treatment of nationals of contracting states:

The bilateral agreements guarantee equal treatment of nationals of the contracting states residing in the territory of another contracting state on all matters related to eligibility for and payment of social security benefits.

Exemption from double coverage:

When an employee working in one contracting state is seconded to work temporarily in the territory of another, the home country rules on social security continue to apply and the deputed worker is exempted from payment of social security contribution in the host country.

Exportability of benefits:

Under US social security laws, pensions are payable abroad to citizens; to non-citizens payment abroad can be made under the terms of reciprocal agreements. Accordingly, the bilateral agreements provide for exportability of benefits between the two countries. Thus, for instance, Australian benefits can be paid in the USA and US benefits can be paid in Australia if there is a change in the beneficiary's country of residence. No administrative fees or charges can be deducted from such payments.

Totalisation of contribution period

The SSA signed by the USA provides for the adding up of the period/s of contribution made by a migrant worker in the home country or a third country for the purpose of fulfilling the qualification of the period of contribution required for payment of long term benefit in the USA, which is 40 quarters or 10 years. Further, as noted in the case of bilateral agreements entered into by India, in the event that the beneficiary fulfils the qualification of total contributions of 40 quarters in the USA by totalising the contribution made in another country, the US pension will be calculated on the basis of the contribution that the beneficiary has made in the USA.

Reluctance to enter into bilateral agreement with major migrant sending countries:

As noted earlier, the USA does not have bilateral agreements with important migrant sending countries. It is instructive to go deeper into the reasons behind the absence of agreements between the USA and the G19 countries that account for a large proportion of migrant workers in the USA. India is one such country, which has been trying to negotiate a bilateral

totalisation agreement with the USA since 2006 but has not succeeded. The ostensible reason behind the US reluctance is that India's social security system is not compatible with that of the USA.

Section 233 of the US Social Security Act, 1935, authorises the President to establish a totalisation agreement for the 'purposes of establishing entitlement or old age, survivors, disability or derivative benefits based on a combination of an individual's periods of coverage and the social security system established by this title and the social security system of such foreign country'. The Act defines the term 'social security system' with respect to a foreign country as 'a social insurance or pension system which is of general application in the country and under which periodic benefits, or actuarial equivalent thereof, are paid on account of old age, death, or disability'.

In bilateral negotiations, the US authorities have argued that the EPF scheme, which is the main social security scheme in India, does not cover half of the working population in the country and for this reason, cannot be regarded as adequate for the purposes of entering into a bilateral totalisation agreement. On the other hand, the Indian side has been drawing attention to the changes in the EPF scheme whereby it has been made applicable to two-way migrant flows between the two countries. In the case of the workers moving from the USA to India the EPF scheme already applies and in the case of workers moving in the opposite direction, it will apply once an SSA has been signed and ratified. India has also argued that the country has already entered into bilateral totalisation agreements with several developed countries with whom the US also has totalisation agreements.

However, the arguments advanced by India have not weighed with the US authorities and the standoff has continued for twelve years. The assessment on the Indian side is that the US administration's stand is not based on merit. The view expressed by some commentators lends credence to India's point of view, and several factors influence the decision in the US administration to enter into a bilateral social security agreement. Butcher and Erdos (1988) have observed as follows:

"A number of factors have entered into the Social Security Administration's (SSA's) decision whether to negotiate an agreement with a particular country. These factors include the extent to which an agreement would benefit U.S. citizens, resident, and American businesses; if it would further U.S. foreign policy interest, including international economic policy; and if it would impose excessive programme or administrative costs."

Multilateral social security agreements involving G19 countries

There are a number of multilateral social security agreements, the most important of which is the one among the 28 countries of the European Union (EU), four countries belonging to the European Free Trade Area (EFTA) and Gibraltar. Other multilateral agreements, which involve the G19 members are the IPRAO Convention of 1963 (Agreement on Pension between Pension Institutions of West Africa); Multilateral Social Security Agreement of the Common Market of the South (MERCOSUR) of 1991; Arab Maghreb Union (UMA) Social

Security Convention, 1991; Commonwealth of Independent States (CIS) on co-operation in the field of labour migration and social protection of migrant workers, 1994; the Inter-African Conference on Social Welfare, CIPRES Convention of 2006; Unified Law on Insurance Protection Extension for Citizens of the Gulf Co-operation Council States Working outside their countries in any of the Council Member States; Ibero-American Social Security Organisation (OISS) (signed in 2007 and effective from 2011); and the SADC Cross-Border Portability of Social Security Benefits Policy Framework adopted in May 2016 but not yet implemented.

However, it needs to be noted that the only multilateral agreements that involve more than one G19 country are OISS, MERCOSUR (both involving Argentina and Brazil) and the EU multilateral agreement on social security, which includes France, Germany, Italy and the UK.

We now look at the main benefits that flow from a multilateral agreement on social security and for this, we cannot do better than taking up the agreement on co-ordination of social security systems among the 28 members of the European Union.

The main principles guiding the members of the European Union on social security systems are laid down in Regulations (EC) No. 883/2004 of the European Parliament and the Council of April 29, 2004, and on the co-ordination of social security systems and Regulations (EC) No.987/2009 of the European Parliament and the Council of September 16, 2009, laying down the procedures for implementing Regulations (EC) 883/2004. These principles flow from the agreement among EU nations on freedom of movement of workers. In the European Union, free movement of workers is a fundamental right of individuals who are citizens of individual Member States. As summarised in an ILO Report (ILO 2010):

“Free movement of workers entitles EU citizens to search for a job in another Member State, to work there without needing a work permit, to live there for that purpose, to stay there even after the employment has finished and to enjoy equal treatment with nationals in access to employment, working conditions and all other social and tax advantages that may help them integrate in the host country.”

The agreement for co-ordination of social security systems in the European Union represents the ideal for such co-ordination for sovereign states, which cannot be expected to have this degree of co-ordination ordinarily. For other countries to replicate this level of co-ordination on social security systems, they have to achieve economic integration of the level that the European Union has accomplished.

Very early in the policy making on co-ordination of social security systems, it was established that four general principles would guide such co-ordination:

- Only one legislation applicable
- Equality of treatment
- Aggregation of the insurance, residence or work periods

- Export of benefits.

To the four general principles mentioned above, we might add a fifth which has been introduced in the latest Regulation – the principle of good administration.

These general principles were spelt out in great detail in the Regulations as elaborated in the following paragraphs.

Applicability of only one legislation

The general rule is that persons shall be subject to the legislation of only one Member State. In general, people who are economically active are subject to the legislation of the Member State in which they work and people who are not active are subject to the legislation of the state in which they live.

A major exception to this general rule is the one that applies to “posted” or “detached workers”. A person who works in a Member State and is deputed by the employer to work in another Member State remains under the social security of the first Member State, provided that the deputation does not exceed a period of 24 months.

Equality of treatment

All EU citizens (as well as refugees and stateless persons) are entitled to the same treatment as a national of a Member State. In other words, “all the persons, whether residents of Member States or not, have the same social security rights and obligation in a Member State as citizens of that Member State” (ILO, 2010).

Aggregation of periods

If in the application of the legislation of a Member State, the acquisition of rights to benefits is “conditional upon the completion of periods of insurance, employment, self-employment or residence”, the concerned authorities must “take into account periods of insurance, employment, self-employment or residence completed under the legislation of any other Member State as though they were periods completed under the legislation” of the Member State concerned.

Export of benefits

Article 7 of the Regulation (EC) No. 883/2004 provides for the waiving of residence rules as follows:

“Unless otherwise provided by this Regulation, cash benefits payable under the legislation of one or more Member States or under this Regulation shall not be subject to any reduction, amendment, suspension, withdrawal or confiscation on account of the fact that the beneficiary or the members of his family reside in a Member State other than in which the institution responsible for providing the benefits is situated.”

The implication of this rule is that the social security benefits can be freely exported by the beneficiary or by the members of their family out of the State if they reside in a place other than where the institution providing the benefit is located. Earlier, exportability applied in the EU only to pensions but now it applies to all cash benefits.

Good administration

Institutions of member states have the obligation to co-operate with one another and provide mutual assistance for the benefit of citizens. The institutions are required to respond to all queries within a reasonable period of time and provide the persons concerned with any information needed to exercise the rights conferred on them. The authorities of one Member State may not reject applications submitted to them on the ground that they have been written in the language of another member state. The authorities also have the obligation to ensure the protection of personal data. Any communication from the authorities of the receiving Member State as well as storage and destruction of the data shall be subject to the data protection legislation of the receiving Member State. Member States have been exhorted to progressively use new technologies for the exchange, access and processing of data.

5. ILO Conventions and Recommendations on the rights of Migrant Workers

The International Labour Organisation (ILO) has so far developed a number of instruments to provide social security protection to migrant workers of which only three Conventions—the *Social Security (Minimum Standards) Convention, 1952* (No.102); *Equality of Treatment (Social Security) Convention, 1962* (No. 118) and the *Maintenance of Social Security Rights Convention, 1982* (No. 157) and one Recommendation, the *Maintenance of Social Security Rights Recommendation, 1983* (No.167), are the most relevant in the context of portability.¹⁶ We describe below the principal provisions of these four instruments and examine the contribution that they have made in inducing the adoption of policies for extending social security to migrant workers.

Social Security (Minimum Standards) Convention, 1952 (102)

The Convention stipulates the minimum standards to be applied by a country accepting the convention. These minimum standards are laid down in respect of each of the nine branches of social security enumerated in Parts II to X of the convention namely, medical care (II), sickness benefit (III), maternity benefit (IV), invalidity benefit (V), old-age benefit (VI), survivors' benefit (VII), employment injury benefit (VIII), unemployment benefit (IX) and family benefit (X). The Convention requires countries to accept these minimum standards at least in respect of three out of nine branches of social security, out of which at least one must

¹⁶ Some other ILO Conventions and Recommendations that have a bearing on the social security of migrant workers include Migration for Employment Convention (Revised), 1949 (No. 97), Migrant Workers (Supplementary Provisions) Convention, 1975 (No.143); Social Protection Floors Recommendation, 2012 (No. 202); Transition from Informal to Formal Economy Recommendation, 2015 (No. 204); Migration for Employment Recommendation (Revised), 1949 (No. 86) and Domestic Workers Recommendation, 2011 (No. 201).

relate to one of the prescribed five branches, namely, unemployment benefit, old-age benefit, employment injury benefit, invalidity benefit or survivors' benefit.

The minimum standards that the countries accepting the Convention have been mandated to meet have been laid down in terms of such parameters as the percentage of employees or economically active population to be covered, the type (e.g., for medical care – general practitioner's as well as specialists' care; for unemployment, invalidity or old-age benefit, periodical payment) and value of benefits. The countries accepting the Convention are also obliged to grant the same rights to non-national residents as national residents. The Convention, however, allows for two exceptions from the application of this principle. First, a state can establish a special rule in respect of benefit payable wholly or mainly out of public funds and in respect of transitional schemes. Second, there may be a condition of reciprocity flowing from a bilateral or multilateral agreement. In cases of periodical payments, the percentage to be paid in terms of previous earnings for a standard family is also laid down in a schedule (e.g., 40 per cent for old age, invalidity and survivors; 45 per cent for sickness and unemployment, and 50 per cent for employment injury resulting in incapacity to work).

Equality of Treatment (Social Security) Convention, 1962 (118)

The Convention requires countries to accept the obligation of equality of treatment in respect of at least one of the nine branches of social security described in the minimum standards convention.

The main obligation that flows from this Convention is that the nationals of any other country for which the Convention is in force have to be given equality of treatment with its own nationals with regard to both coverage and right to benefits, in the branch or branches in respect of which the country has accepted the obligations of the Convention, except where the other country does not grant reciprocal benefits.

When a country has accepted the obligations of the Convention for long term benefits (old age, invalidity, survivors) or for employment injury benefits, it is also obliged to guarantee the export of these benefits to anywhere in the world in respect of its own nationals as well as the nationals of other countries that have accepted the Convention's obligations for the same branch. The obligation to guarantee export of benefits is unconditional in respect of contributory benefits when eligibility for a benefit is established directly under a country's legislation. For non-contributory benefits, the countries have the right to require that the right to export be conditional on the conclusion of a bilateral or plurilateral social security agreement between the country paying the benefit and the country of residence. Similarly, where there is a subsisting totalisation agreement, the export of the contributory benefit may be subject to the provisions of that agreement.

The Convention enjoins ratifying countries to endeavour to conclude bilateral or multilateral social security agreements between them, providing "for the totalisation of periods of insurance, employment or residence and of assimilated periods for the purpose of the acquisition, maintenance or recovery of rights and for the recovery of benefits".

Maintenance of Social Security Rights Convention, 1982 (No. 157)

Convention No. 157 seeks to make the obligations of Convention No. 118 operational in respect of totalisation and export of benefits and introduces provisions on the applicable legislation and administrative assistance. A major obligation flowing from Convention No. 157 is that ratifying countries must endeavour to conclude bilateral (or multilateral) agreements with other countries that have also ratified the convention, if the migration between the countries is important. Such agreements must cover schemes for the maintenance of rights in the course of acquisition for each branch of social security for which the countries have legislation in force and provide for the adding together of periods of insurance, employment, occupational activity or residence for the purpose of the acquisition, maintenance or calculation of the benefit.

It is Convention No. 157 that provides the basis of concerted action among nations to ensure that migrant workers get the benefit of totalisation in respect of the social security benefits that they earn in individual countries in which they work. The benefit of totalisation enables them to meet the requirement of minimum qualifying period of contribution, covered employment or residence stipulated in the social security laws of various countries to be entitled to the benefit. For instance, in its social security programme for old age benefits, a country may require at least 10 years contribution for entitlement to pension when the person reaches pensionable age. Since migrant workers work in different jurisdictions, they often face a situation that while they have worked long enough in several countries, they may not fulfil in the host or home countries the requirement of minimum period of affiliation to be eligible for the benefit. Convention No. 157 exhorts countries to grant the benefit of totalisation to migrant workers and enter into bilateral or multilateral social security agreements with other countries, which have ratified the Convention, to give effect to the benefit. These social security agreements help migrant workers and their family to become eligible for benefits in countries in which they have worked by adding together or totalising the periods of affiliation (contribution or residence).

While the above-mentioned obligations need bilateral or multilateral agreements for implementation, the Convention also has certain direct obligations for ratifying countries. One of these obligations is with respect to guaranteeing the export of long-term benefits (old age, invalidity and survivors) and cash employment injury benefits to nationals of ratifying countries. Another is the use of third-country totalisation when this is necessary to determine the eligibility of a person who has worked in three or more countries to a benefit. A third directly applicable obligation is with respect to the provision of administrative assistance among the social security authorities and institutions of the ratifying countries.

Maintenance of Social Security Rights Recommendation, 1983 (No. 167)

This Recommendation has developed model provisions for bilateral or multilateral social security agreements, taking into account different types of social security programmes in operation across the world.

Ratification of ILO Conventions

While the Conventions described above have meaningful provisions for extension of social security to migrant workers, the position regarding ratification of these conventions by major migration-receiving and migration-sending countries in the G19 is not encouraging. Only four countries have ratified Convention No. 157 – Kyrgyzstan, the Philippines, Spain and Sweden. No major migrant receiving or sending country has ratified the Convention. The position on ratification of Convention No. 118 is better but still not satisfactory. As many as 38 countries have ratified the convention of which only seven are from the G19, Brazil, France, Germany, India, Italy, Mexico and Turkey. It needs to be observed that some of the major destinations of migrants among G19 countries – the US, Russia, Saudi Arabia, the UK, Canada and Australia – have not ratified the convention. The pattern of ratification of Convention No. 102 is generally the same as that of Convention No. 118, except that Argentina, Japan and the UK have ratified 102 but not 118, India has ratified 118 but not 102. Some major migrant receiving countries like Australia, Canada, Russia, Saudi Arabia and the US have not ratified 102.

Table 5: Ratification of Relevant ILO Conventions by G19 Countries

| | C.102 Social Security (Minimum Standards), 1952 | C.118 Equality of Treatment (Social Security), 1962 | C.157 Maintenance of Social Security Rights, 1982 |
|------------------|--|--|--|
| Argentina | Yes (II, V, VII, VIII, IX & X) | No | No |
| Australia | No | No | No |
| Brazil | Yes (II-X) | Yes (a-g) | No |
| Canada | No | No | No |
| China | No | No | No |
| France | Yes (I & IV-IX) | Yes (a-d, f, g & i) | No |
| Germany | Yes (II-X) | Yes (a-c, g & h) | No |
| India | No | Yes (a-c) | No |
| Indonesia | No | No | No |
| Italy | Yes (V, VII & VIII) | Yes (a-i) | No |
| Japan | Yes (III-VI) | No | No |
| S. Korea | No | No | No |
| Mexico | Yes (II, III, V, VI & VIII- X) | Yes (a-g) | No |
| Russia | No | No | No |
| S. Arabia | No | No | No |
| S. Africa | No | No | No |
| Turkey | Yes (II, III, V, VI & VIII-X) | Yes (a-g) | No |
| UK | Yes (II-V, VII & X) | No | No |
| US | No | No | No |

Source: ILO

Note: C 102: II- medical care; III-sickness benefits; IV- unemployment benefits; V-old age benefits; VI- employment injury benefits; VII- family benefits; VIII- maternity benefits; IX- invalidity benefits.

C118: a- medical care; b-sickness benefit; c- maternity benefits; d- invalidity benefits; e- old age benefits; f- survivors' benefits; g- employment injury benefits; h- unemployment benefits; i- family benefits.

Convention No. 118 makes it possible for the ratifying countries to accept the obligations in respect of a specific branch or branches out of the nine branches of social security. Among the ratifying countries, Italy has set an example by accepting the obligations in respect of all nine branches while Brazil, Mexico and Turkey have also done well by accepting the obligations in respect of seven out of the nine branches, including all three that result in long term benefits, viz., old age, invalidity and survivor's benefits. But the other three ratifying countries have made significant omissions in accepting the obligations of the convention. France has accepted the obligations in respect of five of the nine branches, and has excluded old age and survivor's benefits, two of the branches that cover long term benefits. Germany has accepted the obligations in respect of only five out of the nine branches, leaving out all three branches that cover long term benefits, viz., old age, invalidity and survivor's benefits. India is even more restrictive, accepting the obligations only in respect of three out of nine branches of social security, and leaving out all three that result in long term benefits.

We find that although the ILO Conventions and Recommendations have been designed well to secure social security benefits for migrant workers, the principal migration-receiving countries have either ignored them altogether or have ratified them in a restricted way so as to limit the social security benefits available to migrant workers. However, this does not mean that these countries have disregarded the principles embodied in the Conventions. It is found that although only 38 countries have ratified Convention No. 118 on equality of treatment between nationals and non-nationals, as many as 70 countries out of 120 studied have domestic laws guaranteeing such equality of treatment with respect to contributory social security for all branches except health care and 73 countries extend the same treatment in respect of health care.

6. Gaps in social security for migrant workers

The social security available to migrant workers in a country is governed by the domestic laws of the country, which also reflect the obligations that the country has undertaken in multilateral and bilateral agreements on social security and by ratifying ILO Conventions and Recommendations. The social security systems of various countries have three types of generic deficiencies from the perspective of migrant workers. First, in some countries the social security coverage is limited to nationals, thus shutting out foreign workers from the benefits. This is clearly the case in Saudi Arabia among the G19 countries. In other countries, social security benefits are only partially available to migrant workers. In South Africa, for instance, old age benefits are not available for migrant workers although medical and work injury benefits are provided to them.

Second, in some other countries, the benefits are available only to residents so that migrant workers lose coverage the moment they move from one host country to another or return home. If the benefit is not exportable abroad, it leaves a major gap in the social security benefits of the migrant worker. Most countries require reciprocal agreements as a condition for allowing the export of benefits. Thus, the absence of a bilateral reciprocal agreement providing for export of benefits leaves a gap in social security benefit. It may be recognised

here that a number of countries have social assistance programmes that are provided only to the poorer sections among the residents and are, justifiably not exportable.

Third, for old age, invalidity and survivors' pensions, which are long-term and the most important benefits, most jurisdictions stipulate a qualifying period, which varies from five years (Germany) to 35 years (Brazil and UK). If beneficiaries have worked in two or more countries, they run the risk of losing the entitlements unless there are bilateral or multilateral agreements between migrant-receiving and migrant-sending countries. These agreements provide that where the right to benefits is subject to the completion of a qualifying period, the periods for which the migrant worker has worked in each signatory country is added up or totalised for determining the entitlement.

There are other deficiencies as well. In a number of countries, social security systems are very limited as they cover only a small proportion of workforce. In some bilateral agreements, the provisions related to totalisation of long term benefits are limited in scope, e.g., self-employed migrants, domestic migrant workers, etc., are excluded. Another gap is the lack of enforcement and lack of implementation, including in respect of management of information and data. The lack of coverage of migrants in irregular situations can also be seen as a gap, but the migrant workers in this situation fall outside the scope of this study.

The matrix in Table 4 maps out in detail the bilateral agreements among the G19 countries. As shown in the table in Annex1, the USA has bilateral social security agreements with 27 countries, and all these agreements provide for totalisation of benefits for the purpose of calculation of retirement benefits. It shows that the US, which is the largest migrant receiving country, does not have social security agreements with nine G19 countries, mostly developing countries, and four of the world's major migrant-sending countries, namely China, India, Indonesia and Mexico are from the excluded list. After the US, Germany, Russia, Saudi Arabia and the UK are the largest migrant-receiving countries. Germany and the UK have not signed bilateral or multilateral social security agreements with six and 10 G19 countries respectively, including the four largest migrant-receiving countries mentioned above. Russia and Saudi Arabia have not entered into such agreements with any G19 country. India is the world's largest migrant-sending country but it has not entered into bilateral agreements with the US, the UK and Saudi Arabia, which are the most important destinations for its migrant workers. Among the other major migrant sending countries, China has bilateral or multilateral agreement with only three G19 countries, Mexico with only two and Indonesia none.

Missing bilateral or multilateral agreements among the major sending and receiving countries give a measure of the gaps in the social security benefits in respect of migrant flows between these two sets of countries.

The absence of bilateral and multilateral SSAs is reflected in the estimates made by scholars of the proportion of migrant workers who benefit from a high quality of social security benefits which includes exportability and totalisation. According to Holzman et al. (2005)

only 21.2 per cent of migrant workers were covered by social security agreements that included portability.

In some cases, even a bilateral agreement does not provide for exportability or totalisation. For instance, India has 18 bilateral SSAs out of which two, those with Germany and Switzerland, provide for neither exportability nor totalisation. The agreement with Netherlands provides for exportability but not totalisation.

7. Imperatives for international action

We have seen that there are important gaps in the social security provided to migrant workers around the world, particularly in respect of long term benefits relating to old age, invalidity and survivors' benefits. The most important of the deficiencies is lack of totalisation and exportability of benefits for migrant workers who have worked in two or more countries.

Since, in all jurisdictions, there is the requirement of a minimum qualifying period of work to be eligible for old age benefits and the period is usually 10 years or longer, migrant workers are put at a disadvantage as they seldom get to work in the same country for such long periods. There are ILO Conventions and Recommendations mandating both totalisation and exportability and migrant-receiving developed countries have entered into bilateral or multilateral social security with migrant-sending developed countries. But, as we have noted earlier, there is reluctance in major migrant receiving countries to enter into bilateral agreements with important migrant sending countries, and the unwillingness is due to a number of factors including foreign policy considerations. There is a developed-developing country divide in the practice here and the top migrant-receiving countries, which are mainly developed countries, have avoided entering into bilateral or multilateral social security agreements with the top migrant-sending countries, which are all developing countries, depriving a large number of migrant workers of the right to receive long term benefits. The biggest losers are India, Mexico and China who are the three largest migrant-sending countries.

Another clear gap in social security benefits for migrant workers is the result of lack of bilateral or multilateral agreements providing for reciprocity in the exports of benefits. Most countries have put in their laws reciprocity as a condition for exports of long term benefits. The absence of such agreements results in migrant workers being denied the benefit.

Filling these gaps in the social security framework would obviously be in the interest of the migrant worker, as it would enable many of them who have worked in more than one country to receive long term benefits. Furthermore, since the migrant worker has contributed to the programme to mitigate the risks of old age and invalidity, fairness demands that the acquired rights be made portable across countries.

Portability would serve the interests of migrant-sending countries also. As has been stated earlier, in 2013, there were about 150 million workers in various migration-receiving countries providing job opportunities to migrant workers when such opportunities are lacking

in their home countries. Remittances to developing countries from migrant workers form a very big component of financial inflows into these countries, accounting for about US\$ 422 billion in 2016 (World Bank, 2018) against the net official development assistance (ODA) flows of US\$ of 103 billion from member countries of the Development Assistance Committee (DAC) of the OECD (OECD, 2018). Improving social security benefits available to migrant workers will serve to stabilise job opportunities for migrant workers as well as the remittances being sent by them. Furthermore, denial of portability of acquired rights would be manifestly unfair for migrant-sending countries as such action would provide windfall profits to the host country, while potentially burdening the home country.

Allowing portability would also be in the interest of migrant-receiving countries. Migrant workers are needed in these countries to fill up critical gaps in the labour market. Adequate levels of social security, particularly long term benefits, will serve to improve the productivity of the migrant workers who fill these gaps. Moreover, at a time when there is a backlash against globalisation and immigration, governments of migrant-receiving countries would want to demonstrate the temporariness of migrant workers by facilitating their quick return. If migrant workers have adequate social security cover and they are able to take the transferrable benefits home, their return at the end of contract would be greatly facilitated. On the other hand, if they do not have critical elements of social protection, they may want to linger on in the host country, either on informal jobs or even illegally. Surely, the migrant receiving countries should have policies that inhibit informalisation of the labour force. Portability enables migrant workers to benefit from the contribution made by them and is an incentive to formalisation. Providing equality of treatment with respect to social security also creates a level playing field, without which nationals of the host country may be more expensive than migrant workers. If the migrant-receiving countries have an economic interest in maintaining and renewing the flow of migrant workers, they should provide for portability of long term benefits. Improving the working conditions of the migrant workers by enhancing their social security will create conditions in which these workers go back to their home countries after fulfilling their assignments, yielding their place to new sets of migrant workers and thus contributing to circular migration.

The New York Declaration for refugees and migrants (NYD) adopted by the UN General Assembly in September 2016 embodies commitments to improve migration governance and calls for the establishment of a Global Compact for Safe, Orderly and Regular Migration. Annex II of the NYD includes a reference to portability of earned benefits. The latest draft of the global compact released on May 28, 2018, calls for the conclusion of bilateral or multilateral social security agreements to ensure the portability of social security entitlements and earned benefits.

8. Way forward

Given the desirability of social security agreements among migrant-receiving and migrant-sending countries, what is the best way forward? We have seen that the position on ratification of relevant ILO Conventions is not very good. Should the important migrant-receiving and migrant-sending countries be impressed upon to sign and ratify these

Conventions? Or should they be requested simply to take unilateral action to improve their social security laws? If agreements have to be entered into by these countries, should the objective be to persuade them to consider negotiating in a multilateral framework? Or will it be more appropriate for pairs of migrant-receiving and sending countries to negotiate bilateral agreements?

- Ratification of ILO Conventions will involve the government at the highest political level and would make follow-up action easier subsequently. However, ratification will not be enough either for totalisation or exportability and bilateral or multilateral agreements will be necessary at least to give effect to totalisation. While ratification of the relevant ILO Conventions will serve to signify the intent of the government concerned, it will not be enough to deliver the objective.
- Considerable improvement in the framework of social security laws in individual countries is possible through the unilateral route to enhance benefits to migrant workers. But improvement cannot be achieved unilaterally at least in respect of the benefit of totalisation. For this, two or more countries need to agree.
- A multilateral agreement among important migrant-receiving and migrant-sending countries guaranteeing totalisation as well as exportability would be the ideal vehicle to achieve the objective of providing benefits to migrant workers. However, experience suggests that negotiating such agreements would take a great deal of time. The larger the number of the countries, the longer it will take to achieve consensus among them.
- If we are aiming at quick results, negotiating bilateral agreements is the most appropriate approach. Even if a few individual countries enter into bilateral SSAs, it would improve the situation incrementally for migrant workers. In the context of existing economic integration arrangements such as FTAs, an agreement on social security among partner countries may also bring quick results.

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Annexure 1: SSAs involving G19 Countries:

| | Bilateral agreements, as of March 2017 | Multilateral agreements and frameworks |
|------------------|---|---|
| Argentina | Brazil, Chile, Greece, Italia, Portugal, Spain, Uruguay | <p>The Ibero-American Multilateral Agreement on social security.(Convenio Multilateral Iberoamericano de Seguridad Social), of 2007 (entered into force in 2011).</p> <p>Multilateral Social Security Agreement of the Common Market of the South (Acuerdo Multilateral de Seguridad Social del Mercado Común del Sur - MERCOSUR) of 1991, amended in 1994.</p> |
| Australia | Austria, Belgium, Canada, Chile, Croatia, Cyprus, Czech Republic, Denmark, Finland, Germany, Greece, Hungary, India, Ireland, Italy, Japan, Korea (Republic of), Latvia, Macedonia, Malta, the Netherlands, New Zealand, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Switzerland, United States. | |
| Brazil | Belgium, Canada, Cabo Verde, Chile, France, Germany, Greece, India (entry into force planned in 2018), Italy, Japan, Korea (Republic of), Luxembourg, Portugal, Spain United States (Bulgaria, Quebec and Switzerland under discussion). | <p>The Ibero-American Multilateral Agreement on social security.(Convenio Multilateral Iberoamericano de Seguridad Social), of 2007 (entered into force in 2011).</p> <p>Multilateral Social Security Agreement of the Common Market of the South (Acuerdo Multilateral de Seguridad Social del Mercado Común del Sur – MERCOSUR) of 1991, amended in 1994.</p> |
| Canada | Antigua and Barbuda, Austria, Barbados, Belgium, Brazil, Bulgaria, Chile, China, Croatia, Cyprus, Czech Republic, Denmark, Dominica, Estonia, Finland, France, Germany, Greece, Grenada Guernsey, Hungary, Iceland, India, Ireland, Israel, Italy, Jamaica, Japan, Jersey, Korea (Republic of), Latvia, Lithuania, Luxembourg, Macedonia, Malta, Mexico, Morocco, Netherlands, Norway, Philippines, Poland, Portugal, Romania, St. Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Trinidad and Tobago, Turkey, United Kingdom, United States, Uruguay. | |
| China | Canada, Denmark, Germany, Finland, Korea (Republic of), the Netherlands, Spain, Switzerland. | |
| France | Algeria, Andorra, Brazil, Benin, Bosnia and Herzegovina, Cameroon, Canada, Cabo Verde, Chile, Republic of Congo, Côte d'Ivoire, French Polynesia, Gabon, Guernsey, India, Israel, Japan, Jersey, Kosovo, Korea (Republic of), Macedonia, Madagascar, Mali, Mauritania, Monaco, Montenegro, Morocco, New Caledonia, Niger, Philippines, Quebec, San Marino, Saint Marin, Saint Pierre and Miquelon, Senegal, Serbia, Switzerland, Togo, Tunisia, Turkey, United States, Uruguay. | EU regulations on the co-ordination of social security system (as from 1 May 2010, Regulations 883/2004 and 987/2009 apply) |
| | Signed but not yet entered into force: Algeria (protocol and administrative arrangements), China. | |

| | Bilateral agreements, as of March 2017 | Multilateral agreements and frameworks |
|------------------|--|---|
| Germany | Australia, Brazil, Canada, Chile, China, Croatia, India, Israel, Japan, Korea (Republic of), Liechtenstein, Macedonia, Montenegro, Morocco, Quebec, Serbia, Switzerland, Tunisia, Turkey, United States, Uruguay. | EU regulations on the co-ordination of social security system (as from 1 May 2010, Regulations 883/2004 and 987/2009 apply) |
| India | Austria, Australia, Belgium, Brazil (entry into force planned in 2018), Canada, the Czech Republic, Denmark, Finland, France, Germany, Hungary, Japan, Korea (Republic of), Luxembourg, the Netherlands, Norway, Portugal, Sweden and Switzerland. | |
| Indonesia | - | - |
| Italy | Argentina, Australia, Brazil, Canada, Cabo Verde, Croatia, Israel, Japan, Korea (Republic of), Liechtenstein, Mexico, Monaco, Norway, San Marino, Switzerland, Tunisia, Turkey, United States, Uruguay, Vatican, Venezuela. | EU regulations on the co-ordination of social security system (as from 1 May 2010, Regulations 883/2004 and 987/2009 apply) |
| Japan | Australia, Belgium, Brazil, Canada, Czech Republic, France, Germany, Hungary, India, Ireland, Korea (Republic of), the Netherlands, Spain, Switzerland, United Kingdom, United States. | |
| S. Korea | Australia, Austria, Belgium, Brazil, Bulgaria, Canada, China, Denmark, France, Germany, India, Ireland, Italy, Japan, Netherlands, Poland, Romania, Turkey, United States. | |
| Mexico | Argentina, Belize, Canada, Guatemala, Spain, Uruguay | |
| Russia | Bulgaria, Czech Republic, Finland, Hungary, Latvia (only for Russian military pensioners), Mongolia, Romania, Slovakia, Spain | Commonwealth of Independent States (CIS) Agreement on co-operation in the field of labour migration and social protection for migrant workers, 1994 (various other CIS agreement are further relevant with regards to pensions, family benefits and more) |
| S. Arabia | - | - |
| S. Africa | Angola, Cuba, Mozambique, the Netherlands (under discussion: Portugal) | SADC Cross-Border Portability of Social Security Benefits Policy Framework adopted by Ministers and social partners in May 2016 (not yet implemented) |
| Turkey | Albania, Austria, Azerbaijan, Belgium, Bosnia-Herzegovina, Bulgaria, Canada, Croatia, Czech Republic, Denmark, France, Georgia, Germany, Italy, the Netherlands, Quebec, South Korea, Libya, Luxembourg, Macedonia, Montenegro, Norway, Romania, Serbia, Slovakia, Switzerland, Sweden, United Kingdom | |
| UK | Barbados, Bermuda, Bosnia and Herzegovina, Canada, Channel Islands, Macedonia, Israel, Jamaica, Kosovo, Mauritius, Montenegro, New Zealand, the Philippines, Serbia, Switzerland, Turkey, United States | EU regulations on the co-ordination of social security system (as from 1 May 2010, Regulations 883/2004 and 987/2009 apply) |
| US | Australia, Austria, Belgium, Brazil, Canada, Chile, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Japan, Korea (Republic of) , Luxembourg, the Netherlands, Norway, Poland, Portugal, Slovak Republic, Spain, Sweden, Switzerland, United Kingdom. | |

Source: Panhuys et al. (2017) and ILO

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