

Flash Alert

10 December 2020



Social Security Investment Working Procedures, 2077

Exercising power under section 32(1) of Social Securities Act 2074, Government of Nepal has approved Social Securities Investment Working Procedures, 2077 on 25 November 2020. As per procedures various loans and lending schemes will be available for contributors.

According to the working procedures, contributors who have contributed in Social Security Fund (SSF) for at least three years shall be eligible for loans however, this clause shall not be applicable to those contributors who have swapped their funds to SSF from other funds such as the PPF and CIT. Other than special loan, sum of total loan shall be lower of Rs 10 million or salary amount equivalent to 15 years. Different loan schemes available to contributors under SSF are presented below.

Types of loan	Purpose of loan	Limit	Collateral requirement
Housing Loan	Purchase of house Construction of house Purchase of housing unit Renovation or extension of existing house	Lower of Rs 7.5 million or 15 years' salary	Required
Educational Loan	Higher education in Nepal or abroad for contributor, his/her spouse and children	Up to Rs 3.5 million	Required
Social Function Loan	Casual needs	Up to Rs 500,000	N/A
Special Loan	Financial needs of the contributors	N/A	N/A

Similarly, SSF has identified other investment areas where loans such as guarantee loan, institutional loans and consortium loan will be provided from the funds collected under project loan. Additional areas of investment for SSF are investment in government securities, fixed deposit, shares, debentures, units of mutual fund and in fixed assets.

PKF Comment

Government had received barrage of criticism on the operational modality of SSF as withdrawal of the contributions are permitted only after attainment of 60 years which has also been one of the major factors in failure to attract employers to register in SSF. With the introduction of the investment working procedures SSF expects the registration to increase but it is anticipated that the contributors will await the release of detailed guidelines for further clarity prior to registration.