

# Labour Ministry pushes for expats' social security in US, FTA trade deals

**TAKING STOCK.** Ministers Mandaviya and Goyal discuss front-loading social security schemes in FTAs

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**SAFEGUARDING WORKFORCE.** Union Minister of Labour and Employment Mansukh Mandaviya SHASHI SHEKHAR KASHYAP

The Ministry of Labour and Employment has urged the Commerce Ministry to prioritise social security schemes (SSS) in ongoing trade negotiations, particularly with the US, and in future free trade agreements with other countries. The goal is to safeguard the interests of Indian expatriates temporarily employed abroad by Indian companies.

India already has reciprocal social security agreements (SSAs) with 22 countries, a practice that began in 2009. These agreements allow Indian employers and employees to continue participating in India's social security schemes, such as the Employees' Provident Fund Organisation (EPFO), thereby exempting them from making individual contributions in their host countries.

This bilateral instrument effectively prevents the double taxation of contribu-

tions and ensures the continuity of social security benefits regardless of where Indians work.

## **RISKING DEPOSITS**

The Labour Ministry sources explained that without such formal bilateral arrangements, employees on short-term visas risk losing their social security deposits in the country of employment if they return to India or relocate elsewhere.

To advance this agenda,

Union Minister of Labour and Employment Mansukh Mandaviya met with Commerce Minister Piyush Goyal on Monday.

The discussion focused on front-loading social security programmes in trade negotiations, especially with the US, which is home to approximately 5.2 million Indians, and in other pending FTAs.

Mandaviya confirmed his Ministry's commitment to push for SSAs in trade agreements with nations hosting

significant Indian expatriate populations, aiming to protect the financial welfare of Indian international workers and companies. The Commerce Ministry is reportedly aligned with this initiative, particularly regarding the proposed SSA between the US and India as part of the ongoing trade talks.

This push comes as India's social security coverage has expanded significantly, now covering over 64 per cent of its population (94 crore), making it the second-highest globally after China.

## **FINAL STAGES**

However, it remains unclear how far India has progressed in SSA negotiations with the US, given that the broader trade pact is reportedly in its final stages.

Despite these efforts, India still needs to establish a robust mechanism for the smooth implementation of these bilateral agreements, as it requires intricate co-ordination among various Ministries, including the Ministry of External Affairs,

the Ministry of Commerce and the Ministry of Labour and Employment. In a recent positive development, the UK-India FTA, inked in May, includes a reciprocal SSA, also known as a double contributions convention. This exempts Indian workers on short-term visas in the UK (up to three years) from contributing to UK national insurance, with a similar provision applying to UK citizens working in India.

It is important to note that countries often weigh their potential revenue loss when considering reciprocal SSAs.

Further, while international norms typically define applicable social security schemes as those involving direct cash transfers to beneficiaries, India has been actively trying to convince the International Labour Organization to broaden this definition to include benefits offered in kind, such as free rations. Beyond these Central government initiatives, the States also maintain their own social security programmes.