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Government of India  
Ministry of Heavy Industries & Public Enterprises  
Department of Public Enterprises

Block No.14, CGO Complex,  
Lodi Road, New Delhi –110003.  
Dated the 8<sup>th</sup> December, 2000.

**OFFICE MEMORANDUM**

**Subject:** Voluntary Retirement Scheme/Voluntary Separation Scheme for the employees of Public Enterprises.

The parameters on the basis of which the VRS could be formulated by the PSUs for their employees have been spelt out in this Department's OM of even number dated 5.5.2000. However, there are certain points on which clarifications have been solicited by the PSEs as well as the administrative Ministries/Departments. These points have been examined in the Government. The Points as well as the clarifications are given hereunder.

1. Whether allowances like Personal Pay, HRA, NPA, Family Planning increment are to be included for computation of ex-gratia?	Basis pay plus Disciplinary Authority only is to be taken into account for computation of ex-gratia under VRS.
2. Whether the post of the employee who has taken VRS is to be abolished?	There shall be no recruitment against vacancies arising out of VRS.
3. Whether any arrears of ex-gratia are to be paid in the even of pay revision being sanctioned subsequent to voluntary separation?	Ex-gratia will be re-calculated on the basis of revised pay scale and the difference be paid.
4. Can notice pay in lieu of notice and TA for settling in the Home Town or elsewhere be paid to the employees who are to opt or have opted for VRS?	One month/three months notice pay (as per service conditions application to the employees) may be paid. TA for the employee and family would also be admissible to the place where he intends to settle down after taking VRS. For this purpose, the entitlement will include transportation cost of personal effects and traveling cost of self and family members, as admissible under the entitled classes.
5. Under the Gujarat pattern, will the compensation for the balance service be calculated @ 25 days for every year of service left?	Compensation under VRS modeled on the Gujarat pattern will consist of salary of 35 days for every year of service completed and 25 days for every year of service left until superannuation.
6. Under VSS, will the employee be entitled for 60 months salary even if he has not completed 30 years of service?	No

7. 60 months salary as ex-gratia is permissible under VSS scheme of Deptt. of Heavy Industry. If the VSS scheme is modeled on Gujarat pattern (para 5 of OM dated 5.5.2000), will the employee be still entitled for 60 months salary if he has completed 30 years or more service?	Sixty months salary as compensation is attached to VSS package of the Department of Heavy Industry only and not under the Gujarat model.
8. Whether PF, leave encashment, gratuity, notice pay, LTC are payable to employees in case of Voluntary retirement?	There are to be paid to the employees opting for VRS as per the provisions of the relevant statutes and the service conditions. These are outside the computation of ex-gratia on voluntary retirement.
9. Is any minimum qualifying service necessary for opting for VRS?	No age bar or minimum qualifying service is prescribed.
10. Do the companies have the choice to opt for either the Gujarat model or VSS on DHI model for the sick and unviable units?	The Boards of the sick and unviable PSUs are obliged to offer VSS on DHI pattern to the employees. The Board have the option to offer, in addition, VRS on Gujarat pattern, in which event the employees will have a choice between the two schemes.
11. The managements have the right to reject the VR application of certain employees as they have to ensure that the company is not denuded of talents. In that case, what would be the treatment given to such employees who have been retained by the management in case of PSU is closed. Will they be offered VSS in case of PSU is closed. Will they be offered VSS even after a lapse of three months or will they be paid retrenchment compensation under ID Act?	The cases of such employees will be covered under the final settlement on closure of the unit. If the benefit of VSS is extended on closure, such employees will also receive it.
12. Whether Casual Leave may be encashed up to the date of notification of VRS or actual date of relief of employee?	CL may be encashed on pro-rate basis up to the date of relief of employee.
13. What would be the compensation payable in case where the balance of service left under superannuation is less than 250 days and sum of the salary for the balance period is less than Rs. 25000/-.	The computation is explained in the enclosure.
14. Whether the notice period pay is to be paid in addition to	If the application of an employee for voluntary retirement is accepted instantaneously and payment is

<p>60 months salary as compensation in case an employee has completed 30 years of service and the remaining period of service is 75 months.</p>	<p>arranged by the management on the same day, the concerned individual would be entitled to payment of ex-gratia along with the notice period pay. It is, however, clarified that payment of ex-gratia for service rendered or left over service before superannuation as well as the amount payable for the notice period should not exceed the basic pay plus D.A. that would have been paid to the employee who has opted for voluntary retirement till the date of is superannuation. For example, if an employee opts for voluntary retirement a few months before the date of superannuation, say at 57 years and 10 months, the payment should be restricted to 2 months basic pay plus Dearness Allowance.</p> <p>In circumstances where the management takes time to take a decision about the acceptance of an application submitted by the employee for voluntary retirement and allows the notice period to lapse or the individual concerned has drawn full salary during the notice period served by him, in these cases notice period pay would not be admissible as the individual has already drawn the salary during the notice period.</p>
<p>15. Whether it is mandatory to introduce new VR Scheme or continue with the existing scheme?</p>	<p>The new scheme has been introduced in supersession of the old scheme.</p>
<p>16.If the VRS is implemented in the middle of any particular month, whether full months salary is to be computed for VRS purpose?</p>	<p>An employee is entitled o payment of salary till the date of voluntary retirement, regardless of the date of implementation of the VRS. As for computing the completed years and months of service for the purpose of ex-gratia, the datum will be the date on which the employee in question had joined service.</p>
<p>17. If the employee has completed 20 years service whether he will be paid compensation for 20 years service or compensation for 20 years of service plus proportionate days salary for the nine months service also?</p>	<p>The calculation would have to be based on every completed year of service or part thereof. The part of the complete year served shall be entitled for ex-gratia on pro-rata basis.</p>
<p>18. Whether service rendered in other PSEs would be taken into account for purpose of computation of VRS from the latter employing organization.</p>	<p>This would be taken into account only on transfer of cash equivalent of Earned Leave and Provident Fund. Gratuity would be as per the provisions of the Act.</p>
<p>19.Will notional pay revision from 1992 and 1997 be taken for computation of VRS/VSS benefits?</p>	<p>In the new VRS/VSS scheme, there is no scope for computation of the ex-gratia on notional salary revision.</p>
<p>20. Will encashment of sick leave at the time of taking VRS/VSS be permissible?</p>	<p>Encashment of sick leave has nothing to do with VRS/VSS. Its encashment will depend on the management decision, based on the service conditions.</p>
<p>21. Will the casual workers be</p>	<p>Casual workers will not be entitled for VRS/VSS.</p>

included for the purpose of VRS/VSS who have completed more than 20 years of service?	Refer to para 9 of OM dated 5.5.2000.
22. Whether the contract employees appointed on contract basis can be considered as temporary employees for purposes of VRS? If yes, how the compensations would be calculated?	Contract employees are outside the purview of VRS.
23. How would the computation of ex-gratia (VRS) under Gujarat pattern be done?	As per enclosure.

All the administrative Ministries/Departments of Government of India are requested to bring the foregoing clarifications to the notice of the Public Enterprises under the administrative control for their information and necessary action.

Sd/-  
(A.K. Rath)  
Joint Secretary to the Govt. of India