

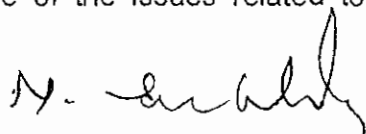
No. 19(5)/2013-DPE(CRR)
Ministry of Heavy Industries & Public Enterprises
Department of Public Enterprises

Block 14, CGO Complex,
Lodi Road, New Delhi
Dated: 31st March, 2014

OFFICE MEMORANDUM

Subject: Further clarifications on DPE's O.M.s on Voluntary Retirement Scheme (VRS) / Voluntary Separation Scheme (VSS).

Reference is invited to DPE's O.M. No. 2(32)/97-DPE(WC)/GL-XXXV dated 8.12.2000, O.M. No. 2(32)/97-DPE(WC)/GL-LVI dated 6.11.2001 and O.M. No. 2(32)/97-DPE(WC) dated 28.2.2002 regarding clarifications on implementation of Voluntary Retirement Scheme (VRS) / Voluntary Separation Scheme (VSS) in Central Public Sector Enterprises (CPSEs). Further clarifications on some of the issues related to VRS/VSS Policy are annexed.


(Dr. M. Subbarayan)
Director

To,
All the administrative Ministries/Departments of the Government of India.

Copy to:

1. Chief Executives of All Central Public Sector Enterprises.
2. Financial Advisers in the administrative Ministries/Departments
3. Department of Expenditure, E-II Branch, North Block, New Delhi.
4. The Comptroller & Auditor General of India, 9, Deen Dayal Upadhyay Marg, New Delhi-110002.
5. NIC, DPE with request to upload this O.M. on the DPE website.

Example for Calculation of VRS ex-gratia arrears

Assumptions:

- (i) VRS (on DHI pattern) takes place in the CPSE on 01.01.2012
- (ii) 2007 Pay Scales have been extended retrospectively to the employees of the sick CPSE w.e.f. 01.01.2007
- (iii) Arrears paid to all employees w.e.f. 01.01.2007
- (iv) Employee in E-5 grade completed 30 years of service with left over period of five years (i.e. 60 months)

(Figures in Rupees)

Before the implementation of 2007 pay scales	After the implementation of 2007 pay scales																				
<p><u>E-5 Scale (Pre-revised)</u> 16000- 400-20800</p> <p>Ex-gratia payment will be paid @ 45 days (1½ months) emoluments (Basic pay + D.A.) for each completed year of service. Hence for 30 years of completed years, it would be 45 months. Since this is less than 60 months of left over service, 45 months would be considered for the purpose of calculating the ex-gratia.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Basic pay -</td> <td style="text-align: right;">16,000</td> </tr> <tr> <td>D.A. (164.6 %) -</td> <td style="text-align: right;">26,336</td> </tr> <tr> <td></td> <td style="text-align: right;">-----</td> </tr> <tr> <td>Total for 1 month</td> <td style="text-align: right;">42,336</td> </tr> <tr> <td></td> <td style="text-align: right;">-----</td> </tr> </table> <p>Amount of ex-gratia payable to the employee:</p> <p>42,336 x 45 = 19,05,120</p>	Basic pay -	16,000	D.A. (164.6 %) -	26,336		-----	Total for 1 month	42,336		-----	<p><u>E-5 Scale (2007 scale)</u> 32900 – 58000</p> <p>As already mentioned in the previous column, 45 months would be considered for the purpose of calculating the ex-gratia.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Basic pay -</td> <td style="text-align: right;">32,900</td> </tr> <tr> <td>D.A. (56.7%) -</td> <td style="text-align: right;">18,654</td> </tr> <tr> <td></td> <td style="text-align: right;">-----</td> </tr> <tr> <td></td> <td style="text-align: right;">51,554</td> </tr> <tr> <td></td> <td style="text-align: right;">-----</td> </tr> </table> <p>Amount of ex-gratia payable to the employee: 51,554 x 45 = 23,19,930</p> <p>Difference to be paid: 4,14,810 (23,19,930 minus 19,05,120)</p>	Basic pay -	32,900	D.A. (56.7%) -	18,654		-----		51,554		-----
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**Further Clarifications on DPE's O.M. No. 2(32)/97-DPE(WC)/GL-XXXV dated 8.12.2000,
O.M. No. 2(32)/97-DPE(WC)/GL-LVI dated 6.11.2001 and O.M. No. 2(32)/97-DPE(WC)
dated 28.2.2002 on clarifications on VRS/VSS Policy**

Sl. No.	Reference	Query	Reply
1.	O.M. Dated 8.12.2000 (Sl. No.3 of the Clarifications)	Whether any arrears of ex-gratia are to be paid in the event of pay revision being sanctioned subsequent to voluntary separation?	After revision of pay takes place in a CPSE, ex-gratia is to be recalculated on the basis of revised pay and the difference needs to be paid as arrears, if the benefit of revised scales of pay is allowed retrospectively. An example is annexed.
2.	O.M. Dated 8.12.2000 (Sl. No.19 of the Clarifications)	Will notional pay revision from 1992 and 1997 be taken into account for purpose of computation of VRS/VSS benefits?	The Clarification given viz. "In the new VRS/VSS scheme, there is no scope for computation of the ex-gratia on notional salary revision" is based on DPE's O.M. dated 25.6.1999 on Revision of Scales of pay w.e.f. 1.1.1997 in respect of Board level and below Board level posts. In this O.M., it is mentioned that there should be no notional revision of pay for the purpose of determining of VRS in sick enterprises.
3.	O.M. Dated 8.12.2000 (Sl. No.20 of the Clarifications)	Will encashment of sick leave at the time of taking VRS /VSS be permissible?	Since Government's guidelines do not permit encashment of sick leave, the same cannot be en-cashed. Encashment of EL however, shall be governed by DPE O.M. dated 24.4.1987, 05.08.2005, 10.12.2008 and 26.10.2010.
4.	O.M. Dated 8.12.2000	Computation of one day Salary under Gujarat pattern.	There was a typographical error in the earlier clarification dated 08.12.2000 and it should read as "Rs.9500/26 days for computing one day's salary".
5.	O.M. Dated 6.11.2001 [Para 1(c) of the Clarifications]	Under the Gujarat pattern, the salary for VRS/VSS shall be calculated on the basis of 30 days in a month and not 26 days. Consequently, the method of calculation of ex-gratia for VRS and VSS shall be similar.	Initially, computation of one day's salary under Gujarat model was based on 26 days a month. As this calculation created confusion in the matter of calculation of one day's salary in other models of VRS, it has been decided that under the Gujarat pattern also, the salary for VRS/VSS shall be calculated on the basis of 30 days in a month and not 26 days.
6.	O.M. Dated 28.2.2002 (Sl. No.7 of the Clarifications)	Whether the encashment of casual leave is permitted only in Gujarat pattern?	There was a typographical error in the earlier clarification dated 28.02.2002. It should read as item no. 12 (and not item no.8) of DPE guidelines on VRS dated 8.12.2000 wherein it was clarified that "Casual leave may be en-cashed on pro-rata basis up to the date of release of employee."