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**Scheme for Counselling, Retraining and Redeployment of
Separated Employees of Central Public Sector Enterprises**



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Scheme for Counselling, Retraining and Redeployment of Separated Employees of Central Public Sector Enterprises

1. Objective

1.1 The objective and scope of the Counselling, Retraining and Redeployment Scheme (CRR) is to provide opportunities of counselling, retraining and redeployment to the separated employees of Central Public Sector Enterprises (CPSEs) rendered surplus as a result of modernization, technology upgradation and manpower restructuring in the PSEs. The aim of retraining of the employees is to reorient them through short duration training programmes to enable them to adjust to the new environment and adopt new avocations after their separation from the PSEs due to VRS/VSS or retrenchment due to closure / restructuring of the enterprise. While it will not be possible to commit that the employees so restructured or retrenched would be provided with alternative employment, yet it should be desirable to reorient such employees so that they may engage themselves in income generating activities and take advantage of available opportunities of self-employment.

1.2 The counselling and training programmes will accordingly be planned in order to equip them with skills and orientation to engage themselves in self-employment activities and rejoin the productive process even after their separation from the CPSEs. Redeployment of rationalized employees in gainful activities implies that they have been brought into the mainstream of economy. This also implies that they are contributing to national income. Self-employment of VRS optees results in multiplier effect as it provides avenues for additional employment generation.

2. Background

2.1 Government had setup a National Renewal Fund (NRF) in February, 1992 as a safety net for workers affected by re-structuring arising out of the new industrial policy. The objective was to provide funds, where necessary, for continuation of employees affected by restructuring or closure of industrial units both in the public and private sector and to provide funds for employment generation schemes both in the organized and unorganized sectors to provide social safety net. Counselling, Retraining and Redeployment of rationalized employees formed a part of NRF, which had been meeting expenses towards voluntary retirement of CPSE employees as also for rehabilitation of employees of the organized sector consisting of CPSEs, State PSEs and private sector.

2.2 The Voluntary Retirement Scheme (VRS) for employees of central PSEs was revised in May, 2000. With the revision of VRS Scheme, the NRF being administered by the Department of Industrial Policy & Promotion ceased to exist and the activities of counseling, retraining and redeployment provided to separated employees from CPSEs and the organized sector under NRF converged under the Scheme of Counselling, Retraining and Redeployment

(CRR) for the rationalized employees of Central Public Sector Enterprises under implementation by Department of Public Enterprises (DPE) since 2001-02.

3. Salient Features of the Scheme

3.1 The three main elements of the CRR Scheme and the eligibility criteria are as follows:-

3.2 **Counselling:** Counselling is the basic pre-requisite of the rehabilitation programme of the separated employee. The separated employee needs psychological counselling to absorb the trauma of loss of assured livelihood and to face the new challenges both for himself and for the members of his family who may continue to depend upon him. He particularly needs support to plan his compensation amount and other financial benefits he receives from the CPSE due to his separation, so that his limited funds are managed prudently and not wasted on immediate consumption or non-productive expenditure. Thirdly, he needs to be made aware of the new environment of market opportunities so that he may, depending upon his aptitude and expertise, take up economic activities and continue to be in the production process.

3.3 **Retraining:** The objective of such training is to help the separated employees for rehabilitation. The trainees will be helped to acquire necessary skills/expertise/orientation to start new avocations and re-enter the productive process after loss of their jobs. These training programmes will be short duration programmes of 30/45/60 days according to the trade or activity as decided.

3.4 **Redeployment:** It will be the endeavor to redeploy such rationalized employees in the production process through the counselling and retraining efforts. At the end of the programme, VRS optees should be able to engage themselves in alternate vocations of self-employment. Although there cannot be any guarantee that the rationalized employee will be assured of alternate employment, yet possible help from the identified nodal training agencies as well as from the CPSEs concerned would be extended to them for starting new avocations. Depending upon the choice of the trainee, the nodal agency / CPSE will also sponsor their applications for seeking financial assistance from commercial banks and other institutions under various schemes of self-employment.

3.5 **Eligibility:** In order to be eligible to be included in the Scheme, the VRS optee should be below 58 years of age. Although the focus of the Scheme would be to extend the benefit to VRS optees, one person per family of a VRS optee could also be considered in lieu of eligible VRS optee, if the optee himself is not coming forward. However, VRS optees would be given priority over the family members. Following eligibility criteria will apply for including the dependents of VRS optees under CRR Scheme:

- Minimum age – 18 years.
- Maximum age – 58 years.
- Only one dependant, that too who is unemployed, will be considered from each family.

4. Implementation of the Scheme

4.1 Selection of Nodal Agencies: Under CRR Scheme, training programmes under various modules will be imparted by the selected Nodal Agencies through their Employees Assistance Centres (EACs) located in various States. The policy frame work of CRR Scheme is conducive for implementing the Scheme in Public Private Partnership (PPP) mode, as different types of agencies viz. semi government organizations, autonomous bodies, NGOs / private bodies can be associated with its implementation. In order to have transparency, advertisement for inviting Expression of Interest (Eoi) along with terms and conditions and profile proforma will be uploaded on DPE's website. With an aim to have wider coverage and to engage new organisations, it will also be uploaded on Directorate General of Employment & Training (DGE&T)'s website, which is associated with training on various skill development training programmes.

4.2 The criteria for selection of nodal agencies include infrastructure, faculty, and training facilities available with the agency, its past experience in the field of training under social safety net or similar programmes catering to various CPSEs under its network, etc.

4.3 Selection Committee: There will be a multi-functional Selection Committee under the Scheme entrusted with the task of selecting – (a) nodal agencies / new EACs; (b) Institute / Organisation for undertaking evaluation / concurrent monitoring of the Scheme; and (c) trades / areas of training requiring longer duration, and related issues under the Scheme including periodical review of progress. The Selection Committee will be headed by Joint Secretary, DPE, Ministry of Heavy Industry and Public Enterprises. The representatives from Planning Commission, Ministry of Labour and Employment, Ministry of Finance and Ministry of Micro, Small and Medium Enterprises will be members of the Committee.

4.4 Annual Action Plan: Before commencement of the training programme, nodal agencies will submit Annual Action Plan for the particular financial year based on identified number of VRS optees - Trade wise, EAC wise and CPSE wise. The Action Plan will contain various activities proposed during the year. Based on Action Plan and past performance of nodal agencies, DPE will assign physical target. Nodal agencies will prepare gender / weaker section responsive Action Plan so as to achieve the objectives of gender equality and human development. With a view to extend the benefit of CRR Scheme to rationalized women employees / SC & ST members, preference would be given to these sections. Preference will also be given to junior level functionaries who have opted for VRS i.e. workmen as well as supervisory staff. On the basis of Annual Action Plan, DPE will assign physical target to the nodal agencies.

4.5 Assigning Physical Target: EAC-wise sanction of physical and financial targets to nodal agencies would be linked with reference to providing more professional post-training services to individual VRS optees, achievement of

redeployment, providing support for sanction of loans and successful start/operation of units. Following procedure needs to be strictly adhered:

- (i) Change in location of EAC by the nodal agency on its own is not permitted. Only in special circumstances, if a nodal agency submits a request in writing well in advance, DPE will consider such request. DPE's prior written permission is mandatory for any change in location of EAC. Any agency found guilty of changing EAC on its own will be liable to be debarred from CRR and will have to refund the sanctioned money.
- (ii) Once EAC-wise physical targets are allocated, it is to be achieved at the specified EAC as per schedule. Neither any shortfall in achievement of individual target for EAC nor shifting of target from one EAC to another is permissible.
- (iii) If the nodal agency fails to achieve the assigned physical target at a particular Employee Assistance Centre (EAC), the sanctioned money has to be refunded and detailed note in this regard needs to be furnished.

4.6 Financial Assistance to Agencies: Financial assistance will be provided to the nodal agencies by the DPE out of the budgetary allocation after taking into account factors such as, hiring of space, salary/honorarium of faculty members and supporting staff, cost of training material, pre-operative expenses to the trainees, office expenses, and cost of follow up services including, project profiles, application to banks etc. and as per specific norms of expenditure fixed by the DPE.

4.7 Expenditure Norms: To incur expenditure for undertaking various activities by the nodal agencies, following expenditure norms will be applicable:

| Sl. No. | Particulars | Training Programme of | | |
|---------|---|-----------------------|-------------|--------------|
| | | 30 days | 45 days | 60 days |
| 1. | Preparatory Works (Awareness-cum-motivation, survey and publicity, counseling process etc.) | 700 | 700 | 700 |
| 2. | Office Expenses (on infrastructure, office equipment, salary, stationary magazines etc. and inclusive of expenses on project profiles, support for bank loans and field visits etc. | 500 | 750 | 1000 |
| 3. | Training Expenses | 3000 | 3850 | 4700 |
| 4. | Stipend | 1800 | 2700 | 3600 |
| 5. | Follow-up | 1000 | 1000 | 1000 |
| | Total | 7000 | 9000 | 11000 |

4.8 Release of Funds: For implementation of the CRR Scheme, nodal agencies will be paid advance in two installments in the ratio of 50:50 in order to meet various expenses as mentioned in the expenditure norm. Average norm per

candidate for release of funds will be Rs.8600 (considering ratio of 40:40:20 for 30, 45, and 60 days module, respectively).

4.9 Second installment will be considered only after satisfactory progress and receipt of Utilisation Certificate and Statement of Expenditure for past release. Advance will be released as per the provisions of GFR. In order to bring transparency in the Scheme, possibilities shall be explored by nodal agencies to (i) enroll the VRS optees under the Scheme by capturing Aadhar Number, and (ii) pay stipend to the trainees through banking system. Funds under the component of 'Follow-up' will be released only after ensuring the online data entry in respect of follow-up and redeployment of trained VRS optees.

4.10 **Submission of Returns:** Nodal agencies will be required to send progress report periodically in the prescribed proforma. Time bound submission of returns should be ensured by the nodal agencies. Nodal agencies have to ensure that immediately after completion of a particular batch, on line data entry incorporating comprehensive details of trainees in data base of CRR Portal like name, age, date of VRS, VRS number, photograph, details of training under CRR as per progress report proforma (to be prescribed by DPE) is done. Second installment of 50% of funds will be released by DPE as per expenditure norm only after completion of batch-wise data entry.

5. Role of Central PSEs

5.1 Role of CPSEs in implementation of CRR Scheme requires greater accountability and task in implementation of the Scheme. CPSEs, particularly profit earning CPSEs, have to be more accountable on their part in implementation of the Scheme. Before the separation of the employees opting out on VRS/VSS, the PSEs should ensure that all their dues are cleared before relieving them from the organization, so that they can plan their future course of action in earning livelihood in the new environment. However, a large number of VRS / VSS optees are expected from CPSEs / Units which are to be closed or under liquidation. In such cases, the role of CPSEs / respective units will be limited to furnish the list of VRS/VSS optees to the nodal agencies.

5.2 **Dissemination of data of VRS optees:** CPSEs have larger role and responsibility particularly in dissemination of data of VRS optees to nodal agencies and arranging for counseling before separation. CPSEs who have introduced VRS/VSS/retrenchment Scheme shall identify the employees who are to be relieved, prepare release schedule for separated employees and inform nodal agencies to reduce time gap between survey and separation. Basic data of VRS optees will be entered in the CRR website by CPSEs for use of all nodal agencies. Each VRS optee will be given a unique VRS number in the VRS letter indicating the VRS key generated through the CRR website for maintaining the identity of the optees and avoid duplication.

5.3 **Pre-counselling and Counselling Activity:** Before release, VRS optees would be counselled by the enterprises themselves for the type of employment

available/self-employment opportunities, which they can avail of after they sever connection with the enterprise. Pre-VRS sensitization by the CPSEs before releasing the VRS employees should be mandatory and needs to be organized with intent. Nearby nodal agencies may participate in such motivational/ counseling sessions. CPSEs are supposed to build up an elaborate system of handling the disengagement process. Financial dues to VRS optees may be disbursed in group meeting in presence of officials from various banks, state finance corporations, etc.

5.4 Role of HR Department: Human Resource (H.R.) Department of the enterprise will be in-charge of such counselling programmes and will furnish a copy of the list of employees who are being released on VRS/VSS/ retrenchment to the nodal agencies selected for the purpose of counselling, retraining and redeployment. CRR Website is already operational. List of VRS optees has to be posted on the website and it updated on monthly basis. H.R. Department shall maintain a regular contact with the trainees and maintain records about their deployment in new organizations or their self-employment. They should also be in constant touch with the nodal training agencies during the training programme to provide necessary support in the activities of rehabilitating the separated employees. In order to make the post training activities and follow up services to the VRS optees more effective for providing self-employment, Director (Personnel) of the CPSE concerned shall maintain regular liaison with the nodal agency engaged in the training of the rationalised employees.

5.5 Employee Resource Centre (ERC): Each CPSE will set up Employee Resource Centre (ERC) under H.R. Department to act as the nodal point for keeping records of the surplus/rationalized human resources of the enterprise, and for facilitating rehabilitation of such employees/workers.

5.6 Circulars / Guidelines to field offices / Units: For meaningful implementation of the Scheme, CPSEs must ensure that Circulars / Guidelines pertaining to CRR Scheme are circulated to all field offices / units / divisions of the CPSEs.

6. Role of the Nodal Agencies

6.1 Nodal agencies will maintain regular contact with the CPSEs concerned for effective implementation of the Scheme. The management of the nodal agencies will be responsible for the prudent use of financial assistance provided by the DPE for the work of counselling, retraining and redeployment/self-employment of VRS optees as per norms of expenditure approved by the DPE. They will set up Employee Assistance Centres (EACs) at a clearly indicated place as per need to counsel and train groups of VSS/VRS optees residing around that area after their separation from the CPSEs.

6.2 The employment record and personal details are to be mentioned in the Registration forms maintained by the nodal agencies in order to establish the identity of the candidate and his/her employment linkage with the CPSE from

where Voluntary Separation / Retirement took place as well as the eligibility for being trained under CRR. A copy of such record is to be always made available at the EAC and produced for scrutiny at the time of inspection by officers of DPE and any inspection agency authorised by DPE.

6.3 Complete record is to be maintained/made available at EAC with regard to trainers/resource persons engaged by the agencies, showing their qualifications and experience for imparting training in different skills/trades. In-charge of the EAC is accountable for maintaining such records to be produced at the time of inspection by officers of DPE and any agency authorised by DPE.

6.4 **Survey:** Agencies will carry out comprehensive survey through structured questionnaire. Survey will also cover isolated and migrated VRS optees. Standardized survey tools may be developed with help of select nodal agencies / specialized Institutes.

6.5 **Counselling:** Agencies will have exclusive and adequate module for counselling in training format. In view of approved expenditure norm, they may hire professional counselors. Emphasis should be on scientific counselling to facilitate a proper matching of viable projects with individual skill, aptitude and investment capacity. Individual counselling will be emphasized and family members will be included to facilitate mobilization of entire family in dealing with the trauma of job loss and help choose alternate avocation. Class room approach of counseling will be discouraged. For training the women candidates, Nodal agencies have to engage women counsellors to the extent possible.

6.6 **Training Design and Delivery:** Nodal agencies have to equip the trained VSS/VRS optees/dependents with 'Minimum Skill Set/Minimum Entrepreneurship Set' to start their own business/venture or get suitable employment. In order to have an effective and meaningful Training Design and Delivery mechanism, nodal agencies will ensure the following:

- (i) The selection of trades for training/skill development will be based on the basic qualifications/skill/aptitude and requirement of VSS/VRS optees/dependents as expressed during counselling.
- (ii) For best practices, nodal agencies will design course contents trade-wise as contemplated by DGE&T for skill development programmes.
- (iii) Information, Education and Communication (IEC) intervention has to be properly addressed. Agencies will bring out brochure, hand bills etc. in local languages and widely distributed.
- (iv) Nodal agencies have to follow three modules of 30, 45 and 60 working days as per trade/area of training. The day will normally be reckoned as of 5 hours of training. In case of shorter span of training on any day(s), the duration of module shall be proportionately adjusted/increased.
- (v) Nodal agencies will develop suitable curriculum, teaching material with the help of their faculty members to facilitate the activities under the programme. They will update training design and delivery from time to

time so as to maintain focused nexus between entrepreneurship related inputs and vocational training so that redeployment may take place in market oriented trades/areas.

- (vi) Nodal agencies must undertake market surveys to identify new areas/skills for training. The market oriented trades/areas of training should be included in the skill development and entrepreneurial development training programmes. This would induce readiness among the beneficiaries to start their own venture in the prevailing market scenario.
- (vii) Various programmes need to be customized by nodal agencies for genuine requirements of recipients keeping in view their enthusiasm and motivation for entrepreneurial pursuits and the demand in the market, of the skills sought to be acquired. Mismatch between trade of training and area of redeployment needs to be avoided and recommendations to be given on Training Need Assessment (TNA).
- (viii) Sufficient time is to be devoted for the practical training under Skill Development Programmes. Trade-wise printed material showing/ explaining pictorial diagrams etc. needs to be provided to the trainees. Training is of no value without integrating practical sessions in the course curriculum.
- (ix) Practical training must contain provision of demonstrations, doing empirical exercises by the trainees, hands-on sessions, visits to units/factories/industrial sites etc. Nodal agencies have to devise ways and means to make practical training purposeful.
- (x) Local bodies, marketing associations/federations, and civil society organizations should be involved by agencies in the pretext of certificate distribution to involve local stakeholders in implementation of the Scheme.

6.7 Coordination Committees: It is very important to have regular interaction among nodal agencies, CPSEs and others for implementation of the Scheme. For this purpose, the nodal agency should strive to form local level Coordination Committees comprising of representatives from the unit of major/other CPSEs in the vicinity, officials from lead bank/state financial institutions etc. These Committees can meet periodically to review and discuss the pertinent issues for the successful implementation of the Scheme. DPE may be informed from time to time about the efforts to widen the representation in Coordination Committee, meetings and actions of the Committee.

7. Follow up & Redeployment Strategies

7.1 Follow up is the key factor in the success of the Scheme. The nodal agencies will have to effectively follow-up all cases till the VSS/VRS optees trained under the Scheme are redeployed/self-employed. Emphasis has to be on systematic and enduring follow up. Record of efforts made to keep a track of the trained candidates upto their redeployment will have to be maintained at each

EAC and sent to DPE. CPSEs have to actively participate in monitoring and follow-up in respect of retrained VRS optees.

7.2 Assistance to Beneficiaries in getting loans/micro credit: Nodal agencies will explore options with regard to placement for trained VRS optees/dependents. For the purpose of redeployment / self-employment, the nodal agencies will have continuous interactions with the trainees as well as DPE, CPSEs concerned and the commercial banks for sponsoring applications for bank loans and for facilitating release of loans by the banks to the trainees who wish to set up self-employment activities. They will be in constant touch with KVIC / SIDBI / public sector banks, etc. to provide inputs on micro financing and redeployment of VRS optees. Details of such efforts have to be sent to DPE.

7.3 Formation of Self Help Groups (SHGs): Nodal agencies should actively assist in formation of Self Help Groups, a common platform to share experiences and lessons from each other. CRR Scheme should take advantage of Women Bank Scheme dedicated to provide financial services to women in general and SHGs in particular. Ministry of MSME has a scheme namely, "Trade Related Entrepreneurship Assistance and Development" (TREAD) exclusively for women under which NGOs as promoting institutions can avail bank loan for women SHGs from nationalised banks. This scheme can be pursued by nodal agencies. Agencies like District Rural Development Agency (DRDA) and State Urban Development Agency (SUDA) should be networked with SHGs for micro credit linking.

8. Monitoring and Supervision

8.1 Department of Public Enterprises would be the coordinating agency to arrange for funds on annual basis, monitor the implementation of the Scheme by the nodal agencies and the CPSEs, and provide necessary direction and guidance. DPE would select nodal agencies / new EACs through laid down procedure or de-list in view of poor performance as found by Selection Committee in its periodical review of the progress of the Scheme. Monitoring, supervision and evaluation of the Scheme will also be taken up by the DPE from time to time directly or through suitable agencies/institutions. In addition, a concurrent monitoring mechanism will also be put in place.

8.2 Apart from inspection by officers of DPE from time to time, the nodal agencies are liable to be subjected to monitoring and field inspections by Third Party Assessing Agencies (TPAA). If any irregularity /discrepancy is reported by the TTPA while conducting evaluation of nodal agencies or noticed during inspection by officers of DPE, the contract with such defaulting nodal agencies under CRR Scheme is liable to be terminated with immediate effect and the agency shall be debarred for empanelment in future.
