

No. 14(11)/2014-DPE/VRS/FTS- 7433  
Government of India  
Ministry of Heavy Industries & Public Enterprises  
Department of Public Enterprises

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Public Enterprises Bhavan  
Block No. 14, CGO Complex,  
Lodi Road, New Delhi-110003  
Dated: 20<sup>th</sup> July, 2018

OFFICE MEMORANDUM

**Subject: Consolidated guidelines on Voluntary Retirement Scheme (VRS)/  
Voluntary Separation Scheme (VSS).**

The guidelines on Voluntary Retirement Scheme (VRS) / Voluntary Separation Scheme (VSS) issued vide OM No. 2(36)/86-BPE(WC) dated 5th October, 1988 was revised vide DPE OM No. 2(32)/97-DPE(WC)-GL -XXII dated 5<sup>th</sup> May , 2000, OM No. 2(32)/97-DPE(WC)-GL/LVI dated 6<sup>th</sup> November, 2001 and OM No. 3(21)/01-DPE(WC)/GL-XII dated 26<sup>th</sup> October, 2004 for the employees of Central Public Sector Enterprises (CPSEs) have been consolidated and are as under:

2. CPSEs which are financially sound and can sustain a scheme of VRS on their own surplus resources may devise and implement variants of the existing VRS. However, in no case shall the compensation exceed 60 days salary for each completed year of service or the salary for the number of months of service left, whichever is less. Salary for the purpose of VRS shall consist of basic pay and DA only and no other element. Further, in case of marginally profit/loss making, as well as sick and unviable units, the option of the Gujarat pattern of VRS or Department of Heavy Industry pattern (of VSS) shall be available to the employees, if management of CPSE desires so.

3. Gujarat Pattern

(i) The compensation will consist of salary of 35 days for every completed year of service and 25 days for the balance of service left until superannuation. The compensation will be subject to a minimum of Rs. 25,000/- or 250 days salary whichever is higher. However, this compensation shall not exceed the sum of the salary that the employee would draw at the prevailing level for the balance of the period left before superannuation.

4. DHI Pattern

- (i) An employee would be entitled to an ex-gratia payment equivalent to 45 days emoluments (pay + DA) for each completed year of service or the monthly emolument at the time of retirement multiplied by the balance months of service left before the normal date of retirement, whichever is less;
- (ii) All those who have completed not less than 30 years of service, will be eligible for a maximum of 60 (sixty) months salary/wage as compensation. This will be subject to the amount not exceeding the salary/wage for the balance period of service left (at the rate of monthly salary /wage at the time of voluntary retirement).



5. However, employees would have to opt for VSS within 3 months from the date of offer failing which they would be eligible only for retrenchment compensation.
6. Ex-gratia payment in respect of employees on pay scales at 1.1.1987 and 1.1.1992 levels, computed on their existing pay scales in accordance with the extant scheme, shall be increased by 100% and 50% respectively.
7. Payment of ex-gratia amount under Voluntary Retirement Scheme in respect of employees in CPSEs following Central Dearness Allowance (CDA) pattern of pay scales at 1.1.1986 level computed on their existing pay scales in accordance with the extant scheme of VRS shall be increased by 50%.
8. The revised guidelines of the Department of Public Enterprises issued vide OM No. DPE/5(1)/2014-Fin (Part-I dated 14.6.2018) on time bound closure of sick/loss making CPSEs and disposal of movable/immovable assets under Para 4.1.2 (Estimation of dues of employees) stipulates that VRS/VSS package at 2007 notional pay scale will be prepared irrespective of the pay scale in which CPSE is operating for release of the employees.
9. Other provisions under the VRS/VSS Policy are as under:
  - i. Salary for purpose of VRS will consist of basic pay and DA only.
  - ii. Arrears of wages due to revision etc. will not be included in computing the eligible amount.
  - iii. Payment of bonus should conform to the provisions in the Bonus Act; Casual leave may be encashed in proportionate measure upto the date of VRS.
  - iv. 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.
  - v. The compensation under VRS/VSS will be in addition to terminal benefits
10. Employees of industrial cooperatives with Government equity participation and who are not members of the cooperative will also be covered under the VRS.
11. Budgetary support will be provided to the marginally profit or loss making enterprises and to the sick enterprises for implementing VRS only in case bank credit is not available. The funds would normally be made available at the beginning of the financial year. However, before seeking budgetary support in cases of unviable/ sick CPSEs other sources of funding should be fully explored such as asset securitization and bank loans against Government guarantee for funding VRS/VSS.
12. VRS will be applicable to the permanent employees, *badli* workers, work charged established and temporary workers **but not** to the casual workers. There will be no recruitment against vacancies arising due to VRS.

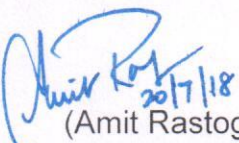


13. Once an employee avails himself of voluntary retirement from a CPSE, he shall not be allowed to take up employment in another CPSE. If he desires to do so, he shall have to return the VRS compensation received by him to the CPSE concerned. Where the compensation was paid out of a Government grant, the CPSE concerned shall remit the refunded amount to the Government. In case the CPSE is already closed/merged, the VRS compensation shall be returned directly to the Government.

14. It will be the responsibility of the concerned administrative Ministry to assist those opting for VRS in getting loans from banks for pursuing gainful self-employment.

15. In implementing the VRS scheme, managements shall ensure that it is extended primarily to such employees whose services may be dispensed without detriment to the company. Care will be exercised to ensure that highly skilled and qualified workers and staff are not given the option. As there shall be no recruitment against vacancies arising due to VRS, it is important that the organization is not denuded of talent. The managements of the CPSEs shall introduce the VRS with the approval of their Boards and the administrative Ministries.

16. The administrative Ministries/Departments are requested to bring the details of the Voluntary Retirement Scheme and the Voluntary Separation Scheme to the notice of the Public Enterprises under their administrative control and to ensure that PSEs implement the schemes strictly in accordance with the provision set out herein.

  
(Amit Rastogi)

Deputy Secretary to the Government of India

**To:**

The Secretary of all administrative Ministries/Departments of the Government of India

**Copy to:**

1. CMD/Chief Executive of the Central Sector Public Enterprises.
2. All Financial Advisors in the administrative Ministries/Departments.
3. Secretary, Department of Expenditure, North Block, New Delhi.
4. Secretary, Department of Investment & Public Asset Management, CGO Complex, Lodi Road, New Delhi.
5. Secretary, PESB, CGO Complex, Lodhi Road, New Delhi.
6. Special Secretary, Banking Division, Department of Economic Affairs, Jeevan Deep Building New Delhi.
7. Comptroller & Auditor General of India, AGCR Building, Indraprastha Estate, New Delhi- 110002.

  
(Amit Rastogi)

Deputy Secretary to the Government of India