

**Frequently Asked Questions (FAQs) on Guidelines related to Voluntary Retirement Scheme (VRS)/ Voluntary Separation Scheme (VSS) for employees of Central Public Sector Enterprises (CPSEs).**

S. No.	Question	Reply
1.	Whether allowances like Personal Pay, HRA, NPA, Family Planning increment are to be taken into account for computation of ex-gratia under VRS ?	Basic pay plus DA only is to be taken into account for computation of ex-gratia under VRS/VSS.
2.	Whether computation of VRS compensation would be on pro-rata basis for both part of completed year of service and the part of the remaining period of service?	Calculation of compensation would be on the basis of completed years of service or part thereof. The part of the year served shall be entitled for ex-gratia on pro-rata basis. Logically, this pro-rata calculation should also be on the remaining part of service.
3.	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.
4.	How would the computation of ex-gratia (VRS) under Gujarat pattern be done?	The computation is explained in Illustration-1.
5.	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 basis of revised pay and the difference needs to be paid as arrears, if the benefit of revised scales of pay is allowed retrospectively, as explained in Illustration-2.
6.	Under the Gujarat pattern, will the compensation for the balance service be calculated @ 25 days for every year of service left?	Compensation under VRS modelled 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.

7.	Whether compensation of VRS @ 26 days a month would be allowed even for VRS optees who have gone out before 05-05-2000?	Till 05.11.2001, calculation of VRS @ 26 days a month was allowed under the Gujarat pattern only. As there was no concept of Gujarat pattern VRS before 05.5.2000, the employees who have already opted VR under the 05.10.1988 guidelines would be covered under 30 days a month.
8.	Under the Gujarat pattern, whether the salary for VRS/VSS shall be calculated on the basis of 30 days in a month or 26 days a month.	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 Gujarat pattern also, the salary for VRS/VSS shall be calculated on the basis of 30 days in a month and not 26 days.
9.	Under VSS, will the employee be entitled for 60 months' salary even if he has not completed 30 years of service?	No
10.	60 months' salary as ex-gratia is permissible under VSS scheme of Department of Heavy Industry. If the VSS scheme is modelled on Gujarat pattern Industry (para 5 of O.M. dated 05.05.2000), 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 Gujarat model.
11.	Whether PF, leave encashment, gratuity, notice pay, LTC are payable to employees in case of voluntary retirement?	These 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.
12.	Is any minimum qualifying service necessary for opting for VRS?	No age bar or minimum qualifying service is prescribed.



13.	Do the companies have the choice to opt for either the Gujarat model or VSS on DHI model for sick and unviable units?	The Boards of the sick and unviable CPSEs are the 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.
14.	Whether the employees who have completed 30 years of service are eligible for ex-gratia amount subject to a maximum to 60 months both under DHI pattern and Gujarat pattern VRS?	Sixty months salary as compensation is attached to VSS package of the Department of Heavy Industry only and not under Gujarat model.
15.	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 the CPSE is closed. Will they be offered VSS in case the CPSE 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.
16.	Whether Casual Leave may be encashed up to the date of notification of VRS or actual date of relieve of employee?	CL may be encashed on pro-rata basis up to the date of release of employee.
17.	Whether the encashment of casual leave is permitted only in Gujarat pattern?	Casual leave may be encashed on pro-rata basis up to the date of release of employee.
18.	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 applicable 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 the

		purpose, the entitlement will include transportation cost of personal effects and travelling cost of self and family members, as admissible under the entitled classes.
19.	Whether the notice period pay is to be paid in addition to 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>If the application of an employee for voluntary retirement is accepted instantaneously and payment is 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 DA that would have been paid to the employee who has opted for voluntary retirement till the date of his 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>
20.	Whether it is mandatory to introduce new VR Scheme or continue with the existing scheme?	The new scheme has been introduced in supersession of the old scheme.



21.	If the VRS is implemented in the middle of any particular month, whether full months salary is to be computed for VRS purpose?	An employee is entitled to 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.
22.	If the employee has completed 20 years and 9 months 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 ?	The calculation would have to be based on every completed year of service or part thereof. The part of the year served shall be entitled for ex-gratia on pro rata basis.
23.	Whether service rendered in other PSEs would be taken into account for purpose of computation of VRS from the latter employing organization ?	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.
24.	Will notional pay revision from 1992 and 1997 be taken for 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 25-06-1999 on Revision of Scales of pay w.e.f. 01-01-1997 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.
25.	Whether an employee whose pay revision was effected from 01-01-1992 and having one year balance service left would be entitled for 50% increased compensation as per DPE's OM dated 06-11-2001?	The compensation has to be first worked out in accordance with DPE's OM dated 05.05.2000 along with the riders. Thereafter, the recent amendment issued vide OM dated 06.11.2001 would be applied to determine compensation payable in both the cases of VRS/VSS.



26.	Whether the executives/ non-executives whose scales of pay have been revised with effect from 01-01-1992 but no further revision has taken place are entitled to 50% increase on their existing pay scales?	Yes, the executives/non-executives who got the benefit of revised scales of pay effective from 1.1.1992 as per DPE's OMs dated 12.4.1993, 17.1.1994 and 19.7.1995 are entitled to 50% increase in compensation.
27.	Whether the payments made as ex-gratia (with 50% increase), gratuity, leave encashment and pay arrears are recalculated in case pay revision would be allowed at later date w.e.f. 01.01.1997?	Ex-gratia will be recalculated on the basis of revised scales of pay in case the revised scales of pay are made effective subsequently (actually with effect from 01.01.1997). The increased ex-gratia (50%) paid would also be adjusted. The other elements like gratuity, leave encashment etc. are to be paid as per the provisions of the relevant statutes and service conditions. These are outside the computation of ex-gratia on voluntary retirement.
28.	Whether the workman and staff wage revision effected from different date other than 01.01.1987 and 01.01.1992 are entitled for the benefit of 50% or 100% increase? If so, at what basis?	Any wage revision permitted by the PSEs for a period prior to the date of effect from 01.01.1992 would be treated at '87 level. Similarly, any wage revision permitted by the PSEs for a period commencing before 01.01.1997 would be treated as at '92 level. The increase in ex-gratia compensation of 100% or 50% would be effected accordingly. This would also be followed in the cases of workers/staff not covered by DPE guidelines.
29.	Whether leave salary and gratuity payment would be made on the basis of increased in compensation as 50% or 100% ?	These are to be paid to the employees opting for VRS as per the provisions of the relevant service conditions and statute. These are outside the computation of ex-gratia on voluntary retirement.

30.	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 24.04.1987, 05.08.2005, 10.12.2008 and 26.10.2010.
31.	Will the casual workers be included for the purpose of VRS/VSS who have completed more than 20 years of service?	Casual workers will not be entitled for VRS/VSS.
32.	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.

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## ILLUSTRATION - 1

### VRS COMPENSATION UNDER GUJARAT PATTERN

#### Computation of one Day's Salary in Gujarat Pattern

Basic + DA

$$\text{Rs. } 7000 + \text{Rs. } 2500 = \text{Rs. } 9,500$$

$$\text{Rs. } 9500 / 26 \text{ days} = \text{Rs. } 365.38 \text{ (one day's salary)}$$

#### Completed 32 years service

$$32 \text{ Yrs.} \times 35 \text{ days} \times \text{Rs. } 365.38 = \text{Rs. } 4,09,225.60$$

NOTE: (i) for computation of one day's salary 26 days a month is taken.

(ii) similar is for the remaining period of service left.

#### Remaining 3 years service:

$$3 \text{ years} \times 25 \times \text{Rs. } 365.38 = \text{Rs. } 27,403.50$$

$$\text{Total amount payable: Rs. } 409225.60 + \text{Rs. } 27403.50 = \text{Rs. } 4,36,629.10$$

Amount to be paid shall be restricted to:  $3 \times 12 = 36$  months

$$\text{Total amount to be paid as VRS compensation: } 36 \times \text{Rs. } 9500 = \text{Rs. } 3,42,000/-$$

NOTE: The payable amount would have to be restricted to Rs. 3,42,000/-.

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## ILLUSTRATION - 2

### 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>E-5 Scale (Pre-revised) 16000- 400-20800</p> <p>Ex-gratia payment will be paid @ 45 days (1½ months)' emoluments (Basic pay + D.A.) 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> <p>Basic pay -           16,000 D.A. (164.6 %) -   26,336 -----                           42,336 -----</p> <p>Amount of ex-gratia payable to the employee:</p> <p>42,336 x 45 = 19,05,120</p>	<p>E-5 Scale (2007 scale) 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> <p>Basic pay -           32,900 D.A. (56.7%) -   18,654 -----                           51,554 -----</p> <p>Amount of ex-gratia payable to the employee: 51,554 x 45 = 23,19,930</p> <p><b>Difference to be paid: 4,14,810</b> (23,19,930 minus 19,05,120)</p>

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