

Voluntary Retirement Scheme (VRS) for the employees of Public Sector Undertakings.

1. **SHORT TITLE:**

- (i) This scheme may be called the Punjab State Public Sector Undertakings Voluntary Retirement Scheme (VRS) 2002.
- (ii) This scheme shall apply to all the Public Sector Undertakings (PSUs) including all Cooperative Institutions of the State of Punjab. This will apply to the Subsidiaries of the PSUs defined as entities in which PSUs and/or Govt. hold more than 50% equity.
- (iii) This scheme shall come into force from the date of its notification.

2. **OBJECTIVE:**

- (i) To achieve optimum human resource utilization.
- (ii) To optimize return on investment in PSU.
- (iii) In implementing the VRS scheme, managements shall ensure that it is extended primarily to such employees whose services can be dispensed with without detriment to the company. Care shall 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 organisation is not denuded of talent. The managements of the PSUs shall introduce the VRS with the approval of their Boards and the administrative departments. Under no circumstances shall grant of VRS be construed as a right.

3. **DEFINITIONS:** In this scheme, unless the context otherwise requires,

- (a) **“Public Sector Undertaking (PSU)” means** an entity that is :
 - (i) Created under a Statute of the State Legislature; or
 - (ii) Created under a statute of Parliament, in which case the management & control vests in Govt. of Punjab or
 - (iii) Created under the Companies Act 1956 in which the Govt. of Punjab, holds equity share more than 50% of those issued orA Cooperative Society as defined under the “Punjab Cooperative Societies Act, 1961, as amended from time to time including Apex Cooperative Institutions.
- (b) **“Scheme” means** Punjab State Public Sector Undertakings Voluntary Retirement Scheme (VRS) 2002.
- (c) **“Employee” means** a person employed on permanent/regular basis working against regular sanctioned graded post.

- (d) **“Service” means** a period of permanent or regular employment against graded post as defined in the Service Bye Laws/ Regulations of the PSU.
- (e) **“Year” means** a financial year commencing on 1st April and ending on the subsequent 31st March
- (f) **“Salary” means Basic Pay plus appropriate %age of DA as on the date of applying.**
- (g) **“Family” means** as defined under rule 2.17 of the Punjab Civil Services Rules, Vol. I
- (h) **“Request for V.R.” means** application submitted for VR, as per specimen proforma annexed as Annexure-A.
- (i) **“Competent Authority” means** the Chief Executive Officer/Managing Director of the Public Sector Undertaking concerned.

4. **OPERATION OF THE SCHEME:**

The Scheme shall remain in operation for 6 (six) months from the date of issuance of notification to this effect. The Govt may extend it from time to time.

- (i) Within the period of operation:
 - (a) In the case of a PSU which does not require budgetary or any other external support to implement the scheme, it shall come into operation upon the approval by the Administrative Department of a resolution of the Board of Directors that the scheme be brought into effect with specified eligibility criteria
 - (b) In the case of a PSU, which requires budgetary or any other external support to implement the scheme, it shall come into operation only after the Department of Finance approves a proposal of the Administrative Department based on a resolution of the Board of Directors as in (a) above to this effect.

5. **ELIGIBILITY:**

All persons employed on permanent/regular basis working against regular sanctioned graded post of Public Sector Undertakings will be eligible to seek Voluntary Retirement provided they have completed a minimum of 5 years of service and have at least 5 years of service remaining before their superannuation.

However, the employees falling in the following categories as determined by the concerned PSU are not eligible to seek Voluntary Retirement under the scheme:

- (a) Specialist employees who have executed service bonds and have not completed the period prescribed therein;
- (b) Employees serving abroad under special arrangement/bonds;
- (d) Employees appointed on contract basis;
- (e) Any other category of employees as may be specifically debarred by the Public Sector Undertaking from seeking retirement under this scheme.

Note:

In case disciplinary action is pending against an employee, who has sought Voluntary Retirement, the Disciplinary Authority shall, after considering all facts, convey to the Competent Authority whether the request of the employee should be accepted or not. In case the Disciplinary Authority decides that the request of such an employee for Voluntary Retirement be not accepted, the same shall be communicated to the employee in writing and he shall have a right to make an appeal as provided under section 9 (v).

6. **AMOUNT OF EX-GRATIA:**

An employee seeking Voluntary Retirement under the scheme will be entitled to the compensation consisting of salary of 35 days for every completed year of service and 25 days for every year of 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 80% of the sum of the salary that the employee would draw at the prevailing level for the balance of the period left before superannuation.

In case an employee is governed by a retiring/superannuation pension scheme the disbursement of pension shall commence from the month next to the date an employee would have retired in the ordinary course.

7. **MODE OF PAYMENT:**

100% of the amount of ex-gratia payable to an employee on opting for Voluntary Retirement under this Scheme would be paid in cash within 60 days from the date of his relieving.

8. **OTHER BENEFITS:**

An employee whose offer for Voluntary Retirement under the Scheme is accepted will be eligible, apart from the ex-gratia defined above, to any benefit that would have been available to him upon superannuation as per the policy extant in the PSU prior to the date of notification of this scheme. It is clarified, however, that an employee shall not be eligible for both retrenchment compensation and ex-gratia under this scheme but shall have to opt for one of the two

9. **PROCEDURE:**

(i) An eligible employee may submit request opting for Voluntary Retirement under the scheme to the Competent Authority through proper channel in a prescribed proforma (Annexure-A), which shall be available in the PSU.

- (ii) The Competent Authority may after considering the application and after giving an opportunity to the applicant of being heard, pass a speaking order within a period of 3 months, either accepting or rejecting the request.
- (iii) In case the Competent Authority fails to pass an order rejecting the request by the due date as given at sub para (ii) above, the request would be deemed to have been accepted and the employee would be retired.
- (iv) A copy of every order made under paragraph (iii) above shall be given to the employee.
- (v) An employee who is aggrieved by an order of rejection may within thirty days from issuance of such orders file an appeal before the Administrative Secretary of the Department under which the concerned PSU falls, whose decision shall be final and binding.
- (vi) The date of acceptance of VRS by the competent authority will be treated as date of voluntary retirement.

10. **GENERAL CONDITIONS:**

- (i) Arrears of wages due to general revision of pay scales etc. shall not be included in computing the eligible amount.
- (ii) Only completed years of service shall be reckoned for arriving at the minimum eligible service.
- (iii) Fraction of service of 6 months and above shall be reckoned as one year for the purpose of calculating the ex-gratia. Fraction of service less than 6 months will be ignored for the purpose of calculating the ex-gratia.
- (iv) The salary shall be calculated on the basis of last salary drawn by an employee/officer.
- (v) No employee shall be allowed to withdraw the request made for voluntary retirement under the scheme after it has been accepted by the Competent Authority.
- (vi) The Competent Authority shall have absolute discretion either to accept or reject the request of an employee seeking Voluntary Retirement under the scheme. The reasons for rejecting the request of any employee seeking Voluntary Retirement shall be recorded in writing by the Competent Authority.

- (vii) All payments under the scheme and any other benefit payable to an employee shall be subject to the prior settlement/re-payment in full of loans, advances, returning of Govt.'s property and any other outstanding due against him and payable by him to the PSU concerned.
- (viii) All payments made under the scheme shall be subject to deduction of tax at source as per Income Tax Act 1961 wherever applicable.
- (ix) An employee who seeks voluntary retirement under this scheme shall not be eligible for re-employment in Govt., any PSU or any of its subsidiaries. A complete data/record, on website of all those employees of the Public Sector Undertakings/Corporations, who have availed the VRS shall be retained. While making future recruitments no person out of these shall be retaken in service.
- (x) In the event of the death of an employee, whose request for voluntary retirement under the scheme has been accepted, the compensation, which would have become due and payable to the deceased employee, shall be paid to the person nominated to receive such dues.
- (xi) The benefits payable under this scheme shall be in full and final settlement of all claims of whatsoever nature, whether arising under the scheme or otherwise to the employee (or his nominee in case of death). An employee who voluntarily retires under this scheme will not have any claim against the PSU concerned of whatsoever nature and no demand or dispute or difference will be raised by him or on his behalf, whether for re-employment or compensation or back wages including employment of any of his relative on compassionate grounds in the service of the PSU or for any other benefits whatsoever.
- (xii) The vacancy caused by Voluntary Retirement shall stand abolished.
- (xiii) The Govt. reserves the right to withdraw this scheme at any time it thinks fit and its decision in this respect will be final.

11. **ENABLING RULES:**

- (i) The Public Sector Undertakings must consider the Voluntary Retirement Scheme (VRS) and pass an order adopting it.
- (ii) The scheme shall come into effect only after requisite approval as laid down in Para 4 is received. However, the PSU may circulate this scheme & obtain response of the employees, in order to determine the financial and other implications.

- (iii) No PSU/Administrative Department may make any change to the scheme without seeking comments of the Finance Department and obtaining prior approval of the Council of Ministers to the proposed changes.

12. **Budgetary Support:**

- (i) Budgetary support will be provided to the loss making enterprises or those making marginal profit and to the sick enterprises for implementing VRS only in case bank credit is not available. However, before seeking budgetary support in cases of unviable/sick PSUs other sources of funding should be fully explored such as asset securitisation and bank loan against government guarantee for funding VRS.
- (ii) State Renewal Fund in its present form will cease to exist.

ANNEXURE -A

APPLICATION TO SEEK VOLUNTARY RETIREMENT

The Managing Director/Chief Executive Officer,
.....Name of the PSU.....

(Through Proper Channel)

Subject: **VOLUNTARY RETIREMENT.**

Sir/Madam,

I hereby opt to seek Voluntary Retirement from the services of the (Name of the PSU) in accordance with the terms and conditions stipulated in the Punjab State Public Sector Undertaking Voluntary Retirement Scheme (VRS) 2002, circulated vide No. dated, which I have carefully read and have understood the contents of the same.

2. I accept the terms and conditions stipulated in Punjab State Public Sector Undertaking Voluntary Retirement Scheme (VRS) 2002, unconditionally and irrevocably.

3. I furnish the required particulars in the APPENDIX enclosed for consideration of my offer to seek Voluntary Retirement from the services of the(PSU) under the above scheme w.e.f.

Thanking you,

Yours faithfully,

Signature of the Employee

Designation:.....

Place:.....

Name:.....

Dated:

TO BE FILLED IN BY THE EMPLOYEE

PART-I

S. No. Particulars

1. Name of the Employee/ Officer :
2. Employee PF No. :
3. Designation :
4. Date of Birth :
5. Age as on (Last date of the Scheme) :
6. Date of Joining the PSU (Excluding the temporary period, if any) :
7. No. of completed years of service as on (last date of the scheme) :
8. Date of attaining the age of Superannuation :
9. Salary as on (last date of the scheme) :
 - Basic Pay
 - D.A.
 - Total:
10. Has the employee executed any bond? Give details thereof. :
11. Has the employee undergone any specialised intensive training within the organisation or outside? If so, give details thereof :
12. Has the employee taken loans from the organisation? If yes, give details thereof head-wise, such as HBA/Vehicle Loan or any other. Give details of amount of loan sanctioned and the outstanding balance as on (last date of the scheme) :

- 13. Whether the employee has been imposed any Major or Minor Punishment during the preceding 5 years. If yes, give details :
- 14. Whether any disciplinary action is pending? :

PART-II

15. **I hereby certify:**

- (a) That the information given above is complete and true.
- (b) That I hereby opt to seek Voluntary Retirement from the services of the (Name of the PSU) in accordance with the terms and conditions stipulated in the Punjab State Public Sector Undertakings Voluntary Retirement Scheme (VRS) 2002, which I accept unconditionally and irrevocably as circulated vide No., dated
- (c) That I hereby authorise the(Name of the PSU) to recover and adjust all loans/dues etc. payable by me whatever kind or nature.
- (d) That I agree that in case any of the aforesaid statements is found to be untrue, the payment made to me by the (Name of the PSU), under this Scheme, will be recoverable from me without prejudice to any other action that may be taken against me by the (Name of the PSU).

Dated:

Place:

Signature of the Officer/Official