



PLANNING AND ECONOMIC AFFAIRS (BPE) DEPARTMENT

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CIRCULAR

Sub:- Voluntary Retirement Scheme in Public Sector Undertakings –  
Introduction of

Excessive manpower is one of the causes for the inefficient functioning of many of the Public Sector Undertakings. Voluntary Retirement Scheme (V.R.S) is one of the means to get rid of the excessive manpower. Many of the Central Government Public Sector Undertakings have already introduced V.R.S.

2. Government have examined the question of introducing a V.R.S. in the State Public Sector Undertakings which wish to reduce their staff/worker strength and have recommended introduction of V.R.S. as in the Central Government Public Sector Undertakings.

The Introduction of the V.R.S. should be subject to the condition that:-

1. The posts/position held by persons who are allowed to avail the V.R.S. should be abolished forthwith.
2. The employee should have completed 10 years of service or 40 years of age.
3. The Management must have the right to sanction or not to sanction V.R.S. for reasons to be recorded in writing.
4. In addition to the usual terminal benefits like P.F., leave encashment, gratuity etc. as per the rules of the company, the employees who retire under the V.R.S. will be entitled to the following ex gratia payment:
  - (a) One or three months “notice pay” as per the conditions of service of the company.
  - (b) An amount equal to one and a half months emoluments (ie. pay plus D.A.) for each completed year of service or the monthly emoluments at the time of retirement multiplied by the balance months of service left before normal date of retirement whichever is less. For example an employee who has put in 24 years of service and has got only one more year of service for normal retirement would get an ex gratia payment of 12 months emoluments and not 36 months emoluments where as a person who has put in 20 years of service with 5 more years to go will get a payment equal to 30 months emoluments and not 60 months (5x12) emoluments.

3. The V.R.S. proposed by a particular undertaking as part of its major restructuring like disinvestment, closure of a unit etc. will however be exempted from this general scheme and will be separately approved by the Government.

4. The Public Sector Undertakings shall frame their own rules strictly in accordance with the above scheme with the approval of the concerned Administrative Department. The expenditure in this regard should be met by the Public Sector Undertakings themselves. However, the question of providing financial assistance in deserving cases (ie. where the company has no means of finance and reduction of work force is essential to revive it) will be considered by Government on review of individual cases of Government companies after finalizing the issue of getting Central assistance from National Renewal Fund.

**R.C. CHOUDHURY**

*Commissioner and Secretary (BPE)*