



FINANCE (PUC) DEPARTMENT

**No.34-99-Fin., Thiruvananthapuram,
Dated, 27th May 1999**

CIRCULAR

Sub:- Voluntary Retirement Scheme in Public Sector Undertakings / Statutory Corporations, Boards/Autonomous Bodies etc. – Loan assistance for the implementation of the scheme – Instructions – Issued.

Ref:- 1. Circular No.6038/BPE-1/95/Plg., dated 17th November 1995.
2. Circular No.58/92/Fin., dated 27th November 1992.

As per the Circular first cited, Government have introduced a Voluntary Retirement Scheme in the State Public Sector Undertakings to rationalize their staff/worker strength, as in the Central government Public Sector Undertakings. Many Institutions have been seeking financial assistance to meet the expenditure in connection with the implementation of the scheme and Government have also been sanctioning loan assistance to them as per the terms and conditions prescribed in the circular 2nd cited.

2. In order to ensure the correct accounting procedures of the loan assistance sanctioned to the implementation of Voluntary Retirement Scheme, Government are pleased to issue the following instructions for guidance and necessary action.

3. Payment of Salary, pension and pensionary benefits, including commuted value of pension are treated as revenue expenditure. All such one time/terminal payment from salary head are expenditure from revenue head booked as revenue expenditure. Thus, the payment on account of the Voluntary Retirement Scheme is a revenue expenditure; cannot be treated as an investment. Since the amount expended on Voluntary Retirement Scheme comes in the expenditure account it is not reflected in the balance sheet in direct manner. Therefore, the advances sanctioned to the institutions for implementation of the Voluntary Retirement Scheme will be treated as working capital and it shall bear an interest at a rate applicable to working capital loans.

DR. A.K. DUBEY,
Secretary
(Finance Expenditure)