

GOVERNMENT OF ORISSA
DEPARTMENT OF PUBLIC ENTERPRISES

RESOLUTION

COR (x) D - 01/ 2001 / 3165 / PE, Dated 21.09.2001

Sub: Model Voluntary Retirement Scheme (modified) in the State Public Sector Undertakings.

With a view to rightsizing the Public Sector Enterprises, the State Government introduced a Model Voluntary Retirement Scheme (VRS) for the employees of the Public Sector Undertakings in the year 1998. Despite implementation of the Scheme, the response has not been encouraging as only a few enterprises have taken benefit under the Scheme. A High Power Committee (HPC) was constituted under the Chairmanship of the Additional Development Commissioner to periodically review and monitor implementation of VRS and they have recommended certain modifications. The rationale underlying these recommendations is to make the scheme more attractive and as simple as possible to the recipients. Hence in supersession of this Department Resolution No. 1743 dated 06.06.98, No. 2517 dated 20.08.98, No. 3131 dated 01.10.99 & No. 2064 dated 13.06.2001 Government have been pleased to introduce the modified Voluntary Retirement Scheme, which is annexed to this Resolution.

1.0 The Department for International Development (DFID), UK has agreed to provide financial assistance to the tune of 80% on three component of Voluntary Retirement benefit i.e. 21 days of ex-gratia payment for each year of completed service + gratuity + leave encashment and the balance 20% thereof is met by the State Government. DFID has committed assistance of 10 million pounds (Approximately Rs.70.00 Crore) for implementation of VRS with the following stipulations before any VRS payments are authorized-

- a) Enterprises should be prioritized according to appropriate criteria, strategic importance, and physical burden potential in improved performance.
- b) Clear prioritization / reform plans are approved before VRS payments are authorized.

In accordance with the aforementioned approach of the DFID, inclusion of additional PSUs under the DFID assisted Programme would be subject to prior approval of a clear reform and restructuring action plan. Without fulfilling these pre-conditions, new PSUs would not be entitled to receive DFID assistance for administering VRS.

2.0 Each PSU should be called upon to identify surplus personnel within a pre-determined time frame and offer VRS to them indicating a target date to submit application for availing Voluntary Retirement. The VR assistance will be calculated up to a cut-off date (not later than one month from the target date). If efforts to right size the enterprises by offering VRS do not succeed, the

employees, who do not exercise their option to accept VRS should be disengaged following the procedure prescribed under the law.

3.0 In order to compress the time lag in processing the VR applications, following procedure shall be adopted.

- (i) The proposal for financial assistance by a State PSU should be submitted by the PSU directly to the Department of Public Enterprises within one month from the target date with two copies to the Administrative Department who will send a copy to Adam Smith Institute.
- (ii) As a measure of single Agency scrutiny, an Empowered Committee is constituted in the Department of Public Enterprises consisting of Secretary, PE as Chairman, Additional Secretary Finance Department, Additional Secretary, Planning & Co-ordination Department, Resident Manager, Adam Smith Institute (ASI) and Additional Secretary of concerned Administrative Department as members. This Committee will scrutinize the proposals, obtain the clearance of the ASI, and accord sanction to the proposals within a period of one month from the date of receipt of the application from the concerned Public Enterprise

4.0 Assistance available from the DFID for implementing the VRS and availability of budgetary assistance from the State Government to the PSUs for this purpose being limited, a clear prioritization is necessary so that the available funds can be optimally utilized by targeting enterprises whose rightsizing would result in maximum benefits to the State's economy. Accordingly, accelerated implementation in the following heavily loss making enterprises shall be given priority.

- 01 Orissa State Financial Corporation
- 02 Orissa Lift Irrigation Corporation
- 03 Orissa Forest Development Corporation
- 04 Co-operative Enterprises
- 05 Orissa State Textile Corporation
- 06 Orissa Textile Mills
- 07 Orissa State Road Transport Corporation

5.0 All cases relating to Voluntary Retirement Scheme disposed by PE Department in accordance with the earlier scheme till the date of this Resolution shall not be re-opened.

By the order of the Governor

Sd/-

(J K Mohapatra)

Commissioner cum Secretary

MODEL VOLUNTARY RETIREMENT SCHEME FOR
THE EMPLOYEES OF THE PSUs OF ORISSA

1.0 Objective:

- 1.1 To achieve optimum manpower utilization.
- 1.2 To improve the average age-mix of the employee.
- 1.3 To improve the overall skill and efficiency of the employee.
- 1.4 To downsize surplus and unproductive labour force.

2.0 Eligibility:

- 2.1 The employees must have been in regular service of the PSU continuously for not less than Ten (10) years. Period of service rendered as DLR/ NMR/ Work-charged prior to regularization will be reckoned for eligibility provided that the nature of engagement was full time, continuous and uninterrupted.
- 2.2 No employee whose continuance is considered essential for the Public Enterprises concerned shall be permitted to be covered under the scheme.
- 2.3 An employee shall not be eligible to retire Voluntarily within three years of his normal retirement.
- 2.4 NMR / DLR employees, with 7 (seven) years of completed and uninterrupted service will be entitled for a special package.

3.0 Procedure:

- 3.1 The eligible employees who desire to seek Voluntary Retirement may apply to the competent authority through his/her Head of the Dept. in the prescribed format.
- 3.2 The decision of the competent Authority regarding the acceptance/rejection of the VR application shall be communicated to the employee within 30 (thirty) days of submission of the application.

4.0 Voluntary Retirement Benefits:

- 4.1 A regular employee who is allowed to retire voluntarily by the competent authority shall be entitled for the following benefits.

Ex-gratia payment at the rate of twenty- one (21) days salary (Basic Pay+ DA+IR, if any) last drawn for every completed year of service. This compensation will be in addition to Gratuity and leave encashment as admissible on the date of retirement. For any period of residual service less than a year, benefit should be assessed proportionately.

- 4.2 NMR/DLR employees with 7(seven) years of completed and uninterrupted service will be entitled for the following benefits:

For each year of completed service, 15 days' of salary payable to the regular employees of equivalent grade (calculated at the initial of the corresponding scale) or at the flat rate of Rs. 5000/- per year, whichever is less, subject to a ceiling of Rs.1, 00,000/-.

5.0 Competent Authority:

- 5.1 The competent authority to sanction Voluntary Retirement is the Chairman-Cum-Managing Director / Chairman.
- 5.2 Government in Administrative Department in consultation with Government in Public Enterprises Department and Chairman-Cum-Managing Director / Chairman of the Corporation / Company may at any time withdraw, cancel, amend or modify any of the provision of the scheme.

6.0 Miscellaneous:

- 6.1 Application for Voluntary Retirement cannot be withdrawn after its acceptance is communicated to the employee concerned.
- 6.2 The vacancy caused by Voluntary Retirement Scheme shall stand abolished.
- 6.3 Employees availing VRS under the scheme shall not be eligible for re-appointment under the State Government/ any State PSU or any autonomous agency of the State Government.
- 6.4 The VR benefits under the Scheme shall be paid to the employee within sixty (60) days of acceptance of the Voluntary Retirement subject to clearance of all dues payable to the Corporation by the employee concerned.

- 6.5 If any employee is under criminal or disciplinary proceedings for recovery of any specified amount, the said amount shall be withheld from the amount of ex-gratia payment under the Voluntary Retirement Scheme. Only in the eventuality of his final exoneration, the said amount will be released in his favour.
- 6.6 Notwithstanding any of the aforesaid provisions, the scheme does not confer any right on any employee to have his request for Voluntary Retirement accepted by the management. The competent authority has the right/ discretion either to accept or reject the request of any employee for Voluntary Retirement, keeping in view the service record of the employee, the organizational requirement and any other relevant factors in this regard.

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APPLICATION FORM FOR VOLUNTARY RETIREMENT SCHEME

To

The Competent Authority,

(Through proper channel)

Sub: Voluntary Retirement

Dear Sir,

I request that I may be permitted to retire voluntarily from service of the Company under Voluntary Retirement Scheme. Further I undertake not to join in any post under the state government / any state PSUs or any autonomous agency of the state government.

Yours Faithfully,

(Signature)

Name in full: -----

Employee No.

Designation:

Department:

Unit/Office:

Witness:

1. (Signature)

Name:

S/O:

Designation:

Address: -----

2. (Signature)

Name:

S/O:

Designation:

Address: -----

Signature before the Head of the Department

Received on -----

By the Personnel Department