

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:46
ANSWERED ON:23.02.2001
VRS IN NATIONALISED BANKS
BOLLA BULLI RAMAIAH;UMMAREDDY VENKATESWARLU

Will the Minister of FINANCE be pleased to state:

- (a) the details of Voluntary Retirement Schemes introduced in various public sector banks so far ;
- (b) the number of employees of each public sector bank who have sought retirement under the Voluntary Retirement Scheme introduced by the Government recently alongwith the number of employees who have been allowed to take retirement so far ;
- (c) the manner in which these banks propose to raise funds required for this purpose ;
- (d) whether as a result of large-scale response to this scheme many banks are experiencing shortage of staff and some of the branches of these banks have been closed ;
- (e) if so, the details thereof ; and
- (f) the steps taken to meet the situation and ensure the smooth working of all the concerned banks?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a), (b), (c), (d), (e) & (f) : A Statement is laid on the Table of the House.

Statement referred to in reply to parts (a),(b),(c),(d),(e) & (f) of Lok Sabha Starred Question No.46 for 23.2.2001 regarding VRS in Nationalised Banks tabled by Dr. Bolla Bulli Ramaiah and Prof. Ummareddy Venkateswarlu.

(a) : Public Sector Banks have introduced a Voluntary Retirement Scheme based on the model scheme circulated by Indian Banks' Association on 31.8.2000. Salient features of this Scheme are given in Annexure I.

(b) Bank-wise available information is given in Annexure II.

(c): As provided in the model scheme, banks have to meet the expenditure either from their own funds or by taking loans from other banks/financial institutions or any other source.

(d), (e) & (f) : Government have not received any information about closure of branches due to Voluntary Retirement Scheme. However, banks are in the process of re-deploying the employees from their surplus pockets to deficit pockets to ensure proper staffing of branches.

ANNEXURE I

Salient Features of Voluntary Retirement Scheme

Eligibility All permanent employees with 15 years of service or 40 years of age.

Ineligible : Specialist officers/employees who have executed service bonds and have not completed it, employees/officers serving abroad under special arrangements/ bonds, will not be eligible for VRS. The Board of Directors may, however, waive this, subject to fulfillment of the bond/other requirements.

Employees against whom Disciplinary Proceedings are contemplated/ pending or are under suspension.

Employees appointed on contract-basis.

Any other category of employees as may be specified by the Board. Amount of Ex Gratia 60 days' salary (pay plus stagnation increments plus special allowance plus dearness relief) for each completed year of service or salary for the number of months service is left, whichever is less.

Other Benefits :

I. Gratuity as per Gratuity Act/Service Gratuity, as the case may be. II. Pension (including commuted value of pension)/ bank's contribution towards PF, as the case may be. III. Leave encashment as per rules.

Other Features

1. It will be prerogative of the bank's management either to accept a request for VRS or to reject the same depending upon the requirement of the bank.
2. Care will have to be taken to ensure that highly skilled and qualified workers and staff are not given the option.
3. There will be no recruitment against vacancies arising due to VRS.
4. Before introducing VRS banks must complete their manpower planning and identify the number of officers/ employees who can be considered under the scheme.
5. Sanction of VRS and any new recruitment should be only in accordance with the manpower plan.

Funding of the Scheme

(a) Coinciding with their financial position and cash flow, banks may decide payment partly in cash and partly in bonds or in instalments, but minimum 50% of the cash instantly and remaining 50% after a stipulated period.

(b) Funding of the scheme will be made by the banks themselves either from their own funds or by taking loans from other banks/financial institutions or any other source.

Periodicity

The scheme may be kept open upto 31.3.2001.

Annexure II

Name of the Bank Applications received under VRS Number of Employees allowed
to take retirement under VRS
upto 15.2.2001

Bank of India	7828	7020
Punjab National Bank	6095	5759
Punjab & Sind Bank	2037	1715
Syndicate Bank	7080	3128
Vijaya Bank	1621	960
Allahabad Bank	1576	

Still in the process of taking a decision

Andhra Bank	1368	
Bank of Baroda	6720	
Bank of Maharashtra	2683	
Canara Bank	8130	
Dena Bank	3300	
Indian Bank	3988	
Indian Overseas Bank	3992	
Oriental Bank of Commerce	644	
UCO Bank	5130	
Union Bank of India	3990	
United Bank of India	3007	
State Bank of India	35380	

Data Provisional