

**GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA**

UNSTARRED QUESTION NO:6664
ANSWERED ON:08.05.2003
PROTECTION OF RETIREMENT BENEFITS
JAGMEET SINGH BRAR

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

- (a) whether in order to woo the PSU officers and workers to seek retirement, the Government has offered them protection of retirement benefits or attractive compensation;
- (b) if so, the details thereof;
- (c) whether the expenditure on the same will be borne by PSUs or the Government; and
- (d) the manner in which the officers and workers of PSUs will be absorbed in case of privatisation of PSUs?

Answer

MINISTER OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SHRI BALASAHEB VIKHE PATIL)

(a) to (c): Government have provided for exgratia compensation under voluntary retirement scheme in May, 2000 and November, 2001 under which broadly the enterprises which are financially sound may implement variants of the VRS but the compensation in no case shall exceed 60 days salary for each completed year of service or the salary for the number of months of service left, whichever is less. Enterprises that are marginally profit or loss making may adopt Gujarat pattern of VRS under which compensation will consist of salary of 35 days for every completed year of service and 25 days for every year for the balance of service left until superannuation. For the sick and unviable units, the Voluntary Separation Scheme (VSS) of Department of Heavy Industry may be adopted, in which an employee would be entitled to an ex-gratia payment equivalent to 45 days salary for each completed year of service or the salary equivalent to the balance months of service left, whichever is less. Under the further liberalized scheme of November 2001, the employees can opt for VRS under Gujarat Pattern or the VSS package of Department of Heavy Industry. Further in respect of employees who are on pay scales at 1.1.87 and 1.1.92 levels, ex-gratia payments computed on their existing pay scales in accordance with the extant scheme, shall be increased by 100% and 50% respectively

(d) Protection of employees' interest is an integral part of disinvestment/privatisation policy. Adequate provisions are made in the Transaction Agreements to ensure that there is no retrenchment of employees for one year after disinvestment/privatisation and even thereafter, separation is possible under VRS under the Government guidelines or under the VRS of the company itself, whichever is beneficial.