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Title : Denial of voluntary retirement benefits of Rs. 1.65 lacs per employee of RBI under section 10(10C) of the Income-Tax Act.

SHRI HARIBHAU RATHOD (YAVATMAL): Sir, I want to raise one important and very sensitive issue of voluntarily retired employees of the Reserve Bank of India which has declared an Optional Early Retirement Scheme under which about 4500 employees retired in the year 2003-04.

Normally, this Voluntary Retirement Scheme should have enjoyed the relevant benefits under Section 10 (10C) of the Income-Tax Act by way of Rs.1.65 lakh of Income-Tax rebate. This benefit has been made available to more than one lakh employees of 18 Public Sector Banks.

However, the RBI preferred to deduct this Rs.1.65 lakh per employee and now argues its scheme to be a Non-VRS one. Taking advantage of the stand, the CBDT also does not allow the refund to be issued. On the contrary, penalty notices have been served to the claimants of refund. Each and every clause of Section 10 (10C) of the Income-Tax Act and Rule 2BA is complied with as per the employee's view.

I would, therefore, request the Government, through you, Sir, to take cognizance of this matter and not to make further litigation take place on this issue. Instead, as a relief to VRS employees, the CBDT should issue appropriate instructions to allow this deduction under Section 10 (10C).

Sir, recently, in the President's speech, it is mentioned that the Central Government is also thinking over the VRS scheme for Central Government employees. Therefore, my request is that the Government's decision should be in tune with the policy by supporting the Voluntary Retirement Scheme. Thank you.

MR. CHAIRMAN : The House stands adjourned to meet tomorrow the 23rd February, 2006 at 11.00 a.m.

21.05 hrs.

The Lok Sabha then adjourned till Eleven of the Clock

on Thursday, February 23, 2006 / Phalgun 4, 1927 (Saka).

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