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நிதி அமைச்சு
MINISTRY OF FINANCE

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திகதி } 08 -03-2016
Date }

Public Enterprises Circular No 02/2016

Department of Public Enterprises
The Treasury
Colombo 01

All Secretaries of Ministries
Chairmen of Commercial Corporations, Statuary Boards
And Government Owned Companies

Voluntary Retirement Scheme (VRS) for Excess Employees of Government Owned Enterprises

1) Introduction

The Government Owned Enterprises have been established to generate economic and other benefits to the national economy. However, it is noted that, some of the agencies do not generate expected benefits to the National Economy and incur losses thereby being a burden to the Treasury. It is observed that among other factors, excess carders have significantly contributed to losses. Therefore, a need has arisen to maintain its workforce at optimal level to deliver desired results by the government owned enterprises.

In this context, the Cabinet of Ministers has approved a Voluntary Retirement Scheme (VRS) by their decision dated 10-02-2016 on the Cabinet Paper No. 16/0213/719/008 that can be adopted in government enterprises at the time of merger/closure/restructure.

2) Identification of Employees for VRS

The Boards of Directors of state owned enterprises should assess and identify the existing excess cadre. The approved cadre by the Department of Management Services can be taken for consideration in identifying the excess cadre. It is the responsibility of the management to retain the minimum work force needed to perform the core functions of the organization. It should be noted that this scheme is applicable only for excess employees identified as above.

It should also be noted that immediately after the implementation of the VRS, the amended cadre should be submitted to the Department of Management Services for approval.

Chairman and the Board of Directors should make appropriate arrangements to restrict future recruitments beyond the approved cadre. For deviation if any, the Board of Directors and senior management of the agency will be collectively and individually held responsible.

All the efforts have to be made to implement the VRS in a transparent manner.

3) Basis of Calculation of Compensation

This compensation package provides for a 2 tier scheme for the following categories of employees.

- a) Employees who count 10 or more than 10 years of service
 - i. Past service - 2.0 months salary for every 12 months of service
 - ii. Service foregone - 1.5 months salary for every 12 months of service foregone

- b) Employees who count less than 10 years of service
 - i. 05 months salary for every 12 months of past service.
 - ii. No payment will be made for the service foregone.

4) Limits of Payment

	Minimum limit	Maximum limit
Staff Grade	Rs. 450,000	Rs. 2,500,000
Secondary Grade	Rs. 350,000	Rs. 1,800,000
Primary Grade	Rs. 250,000	Rs. 1,200,000

5) Categorization of Employees

In terms of the Management Services Circular 34 (i) categorization of relevant grades will be as follows.

Relevant Grade	Salary Code
Staff Grade	MM, AR and HM
Secondary Grade	MA and JM
Primary Grade	PL 1,2,3

6) Other Conditions

- i. Employees who are not categorized as permanent cadre (Except employees who are serving under contractual agreements).
 - a. 02 months salary for every 12 months of past service
 - b. Minimum compensation will be 12 months salary
 - c. Method of calculation of compensation - (22x daily wage x number of months)

- ii. Employees who are 50 years of age or below are eligible for this scheme. Compensation is calculated based on the optional retirement age of 55 years.

- iii. Compensation will be calculated on the basis of the basic consolidated monthly salary drawn at the time of retirement (excluding interim and other allowances).

- iv. In addition to the compensation, all statutory payments will be made by the respective organization in terms of the relevant Acts.
- v. Employees who are under disciplinary inquiries or those whose status are in question in any tribunal are not eligible under this scheme.
- vi. Once this scheme is implemented, no further employees will be recruited beyond the approved revised cadre on permanent, casual, contract, substitute or any other basis to the same entity. For those employees who are serving under contractual agreements, their service will be terminated at the time of expiry of the agreements and will not be entitled to receive any compensation under this scheme.
- vii. All outstanding dues from respective employees will be recovered from the compensation payments.
- viii. Those who avail of the benefits of this scheme and retire from service will not be entitled to re-join the public sector including State Corporations, Statutory Boards and Government Owned Companies, under any circumstance.

7) Applicability

The VRS referred to in this circular would be applicable only to Public Enterprises identified in line with the government policy directives for closure/merger/ restructure on the assurance that the activity will neither be recreated nor recruitments made without the approval obtained from the Department of Management Services.

8) Cancellation of Previous Circular & Effective date

The Public Enterprises Circulars No. 10 and No. 10(1) are hereby cancelled and this circular will be effective from 1st March 2016.

9) Application form

Specimen application is attached here to as annex 1.

10) Clarification on this circular

Any Clarification on this circular may be obtained from the Department of Public Enterprises (Tel: 0112-484628 or 0112-484617).



S.P. Wellappili
Acting Secretary to the Treasury

- Copy to
1. Secretary to the President
 2. The Auditor General
 3. Director General, Department of National Budget
 4. Director General, Department of Management Services

Application form for Voluntary Retirement Scheme

Annexure 1

To be filled by the employee

Part – 1

1. Name of the employee :
2. I.D No & EPF No :
3. Designation :
4. Date of Birth :
5. Date of joining the entity (Excluding temporary period if any) :
6. No of completed years of service :
7. Date of attending of optional retirement :
8. I hereby certify:
 - (a). That the information given above is complete and true.
 - (b). That I hereby authorize the(Name of the entity) to recover and adjust all loans/dues etc. payable by me whatever kind of nature.
 - (c). That I agree that in case any of the aforesaid statement is found to be untrue, the payment made to me by the(Name of the entity), under this scheme, will be recoverable from me without prejudice to any other action that may be taken against me by the(Name of the entity)
 - (d). That I agree to voluntary retire from the service of (Name of the entity) according to the terms and conditions of the provisions of Public Enterprises Circular No 2/2016 dated 08.03.2016

Signature of the officer ~

Date

Place