

28.05.2003

Public Enterprises Circular No.PED10

All Secretaries
Chairman of All Commercial Corporations, Statuary Boards
And All Government Owned Companies.

**Compensation package for Employees of Public Enterprises who opt for
Voluntary Retirement (VRS)**


This refers to the Voluntary Retirement Scheme (VRS) approved by the Treasury a copy of which is attached.

The paragraph 04 of the VRS is amended as "Age of Retirement for the purpose of computing compensation, shall be either 55 years or 60 years as stipulated in the letter of appointment (contract of employment) of the officer concerned."

The following paragraph is to be incorporated.

Employees who are due to retire within the next 05 years shall be entitled to the lower of the following:

- a) The aggregate of the emoluments that they would receive, had they been in the service.
- b) The compensation payable in accordance with this VRS.


J. Charitha Ratwatte
Secretary to the Treasury

Copy to : Director General, Department of Management Services.
Auditor General

Compensation package for employees of Public Corporations and Statutory Boards, who opt for Voluntary Retirement

This compensation package provides for a 3 tier scheme for the following categories of employees.

- i. Employees who count 10 or more than 10 years of service;
 - ii. Employees who count less than 10 years of service
 - iii. Casual/Contract/Substitute employees
1. **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 - 2.5 months salary for every 12 months of service
 2. **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
 - iii. Minimum compensation will be 18 months salary or Rs. 150,000/=, whichever is less
 3. **Casual/Contract/Substitute workers**
 - i. 2 months salary for every 12 months of past service
 - ii. Minimum compensation will be 12 months salary
 - iii. Method of calculation of compensation - $(22 \times \text{daily wage} \times \text{number of months})$
 4. Age of retirement is considered as 60 years for the purpose of payment of compensation.
 5. Compensation will be calculated on the basis of the basic consolidated monthly salary drawn at the time of retirement (excluding interim allowances).
 6. In addition to the compensation, all statutory payments will be made in terms of the relevant Acts.
 7. Workers who are under disciplinary inquiries or those whose status are in question in any tribunal are not eligible for this scheme.
 8. Once this scheme is implemented no employees will be recruited to respective organizations, on casual, contract or substitute basis. Services of such employees will not be extended on the expiry of their current term.
 9. All outstanding loans will be recovered from the compensation payments.
 10. 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.
 11. **Maximum limit of compensation**

Executive Grades	- Rs. 600,000/=
Middle Grades	- Rs. 500,000/=
Minor Grades	- Rs. 450,000/=

