



## ALL INDIA ASSOCIATION OF COAL EXECUTIVES (AIACE)

( Regd. Under the Trade Union Act, 1926; Regd. No. 546 / 2016 )

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**AIACE/CENTRAL/2021 / 069**

**Dated 14.6.2021**

To

The Chairman

Coal India Limited,

Coal Bhawan,

Premise No-04 MAR, Plot No-AF-III, Action Area-1A,

Newtown, Rajarhat,Kolkata-700156

Sub: Formulation, adoption and implementation of an attractive VRS scheme to reduce executive manpower for increasing profitability and productivity of Coal India Ltd.

Dear Sir,

CIL is aggressively working for enhancing its coal production to meet country's energy demand by adopting outsourcing and modern mechanization i.e. by introducing high capacity OC and UG equipments. It is also implementing ERP. Due to closure of unproductive and unprofitable mines, the manpower is being rendered surplus.

Diversion of surplus Executives to Open Cast mines and other new fields like coal gasification, solar power, fertilizers for gainful utilization is available option but a time consuming exercise.

Hence, at this juncture, CIL needs to rationalize/trim its manpower by way of offering Voluntary Retirement Scheme (VRS) to the Executives of more than 55 years of age. At this age, many of them loose interest in the works as they see no career progression. Also, some of them contract diseases and are not able to perform well as per expectation of the company.

The Department of Public Enterprises (DPE), vide o/o No. No. 14(11)/2014-DPENRS/FTS- 7433 dt. 20-7-2018 (Copy enclosed as Annexure-I), has formulated and circulated Consolidated guidelines on Voluntary Retirement Scheme (VRS) scheme for employees of Central Public Sector Enterprises (CPSEs).

As per above guideline, CPSEs which are financially sound and can sustain a scheme of VRS with their own surplus resources may devise and implement variants of the existing VRS. However, in no case shall the compensation exceed 60 days salary for each completed year of service or the salary for the number of months of service left, whichever is less. Salary for the purpose of VRS shall consist of basic pay and DA only and no other element. Further, in case of marginally profit/loss making, as well

as sick and unviable units, the option of the Gujarat pattern of VRS or Department of Heavy Industry pattern of VSS shall be available to the employees, if management of CPSE desires so.

It is clear that, there exist a monetary compensation of maximum 60 days salary for each completed year of service or the salary for the number of months of service left, whichever is less. Based on these guidelines, organizations like SAIL and BSNL have formulated VRS schemes for their executives by allowing them 45 days of salary in place of the above sealing of 60 days salary.

CIL in 2020 formulated a scheme to trim executive manpower vide o/o no. CIL/C5A/(PC)/VRS/447 dt 4-7-2020 named as Executive Retirement before Superannuation Scheme. (Copy enclosed as Annexure-II) After implementation of this scheme, only those executives opted to exit who might have been very much frustrated and depressed in stressful working environment.

This scheme, in its present form, lacks any provision of monetary compensation. We at AIACE are of the opinion that in view of the unattractive provisions of VRS scheme announced by CIL, there is poor response from willing executives and the inherent purpose of reducing manpower is totally lost.

If CIL adopts a scheme which includes adequate compensation for years worked or years left, many may opt for VRS. The Company will then be able to trim its manpower leading to increase in overall productivity and profitability of CIL.

In the light of above facts, remaining within the guidelines of DPE, we propose to formulate, adopt and implement a VRS for executives. Executives may be offered,

- a. 45 days (at least 30 days in Gujarat Model) salary for each completed years of service, and
- b. 30 days (25 days in Gujarat Model) salary/year for left over years of salary.

If this scheme is adopted, many Executives may be ready to take VRS. A sample calculation has been made by our Association regarding financial outgo after implementing the scheme which is attached as Annexure III.

From the calculation, it is evident that after attaining 55 years of age , CIL needs to pay an executive taking VRS, a sum of Rs 77,79,517 only; but saves Rs 84,27,810 of rupees by way of savings in Perks and superannuation benefits payable over the remaining period of service. In addition to these savings, company will also save on salary and other allowances of Executives, which will be around 150% of these savings.

Moreover, implementation of this proposed model of VRS, will ensure an additional advantage to younger Executives, in the age group of 40-45 years, for shouldering responsibilities at middle level position after voluntary retirement of older people, and they may work enthusiastically and with full commitment.

Finally we hope that, our above suggestions for incorporating a monetary compensation provision will be duly considered for being included in the revised VRS scheme formulation by CIL.

Regards,



P. K. Singh Rathor  
Principal General Secretary, AIACE

Encl:

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|--------------|---|
| Annexure-I   | DPE Guidelines on VRS Scheme in CPSEs   |
| Annexure-II  | VRS Scheme in CIL   |
| Annexure-III | Sample Calculations showing AIACE Suggestions for VRS based On Gujarat Model (Model Recommended By DPE) |

CC

1. Honourable Minister of Coal, Government of India, New Delhi
2. Secretary, Ministry of Coal, Government of India, New Delhi
3. Financial Advisor, Ministry of Coal, Government of India, New Delhi
4. Secretary, Department of Expenditure, North Block, New Delhi.
5. Secretary, Deptt of Investment & Public Asset Management, Govt of India, New Delhi
6. All Directors, CIL, Kolkata
7. All CMDs – ECL, BCCL, CCL, NCL, WCL, SECL, MCL and CMPDIL

**DPE Guidelines on VRS Scheme in CPSEs**

No. 14(11)/2014-DPENRS/FTS- 7433  
Government of India  
Ministry of Heavy Industries & Public Enterprises  
Department of Public Enterprises  
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Public Enterprises Bhavan  
Block No. 14, CGO Complex,  
Lodi Road, New Delhi-110003  
Dated: 20th July, 2018

**OFFICE MEMORANDUM**

**Subject: Consolidated guidelines on Voluntary Retirement Scheme (VRS)/  
Voluntary Separation Scheme (VSS).**

The guidelines on Voluntary Retirement Scheme (VRS) / Voluntary Separation Scheme (VSS) issued vide OM No. 2(35)/85- BPE(WC) dated 5th October, 1988 was revised vide OPE OM No. 2(32)/97-0PE(WC)-GL -XXII dated 5th May, 2000, OM No. 2(32)/97-DPE(WC)-GL/LVI dated 5th November, 2001 and OM No. 3(21)/01-DPE(WC)/GL-XII dated 25th October, 2004 for the employees of Central Public Sector Enterprises (CPSEs) have been consolidated and are as under:

2. CPSEs which are financially sound and can sustain a scheme of VRS on their own surplus resources may devise and implement variants of the existing VRS. However, in no case shall the compensation exceed 60 days salary for each completed year of service or the salary for the number of months of service left, whichever is less. Salary for the purpose of VRS shall consist of basic pay and DA only and no other element. Further, in case of marginally profit/loss making, as well as sick and unviable units, the option of the Gujarat pattern of VRS or Department of Heavy Industry pattern (of VSS) shall be available to the employees, if management of CPSE desires so.

3. Gujarat Pattern

(i) The compensation will consist of salary of 35 days for every completed year of service and 25 days for the balance of service left until superannuation. The compensation will be subject to a minimum of Rs. 25,000/- or 250 days salary whichever is higher. However, this compensation shall not exceed the sum of the salary that the employee would draw at the prevailing level for the balance of the period left before superannuation.

4. OHi Pattern

- (i) An employee would be entitled to an ex-gratia payment equivalent to 45 days emoluments (pay + DA) for each completed year of service or the monthly emolument at the time of retirement multiplied by the balance months of service left before the normal date of retirement, whichever is less;
- (ii) All those who have completed not less than 30 years of service, will be eligible for a maximum of 60 (sixty) months salary/wage as compensation. This will be subject to the amount not exceeding the salary/wage for the balance period of service left (at the rate of monthly salary /wage at the time of voluntary retirement).

5. However, employees would have to opt for VSS within 3 months from the date of offer failing which they would be eligible only for retrenchment compensation .
6. Ex-gratia payment in respect of employees on pay scales at 1.1.1987 and 1.1.1992 levels , computed on their existing pay scales in accordance with the extant scheme, shall be increased by 100% and 50% respectively.
7. Payment of ex-gratia amount under Voluntary Retirement Scheme in respect of employees in CPSEs following Central Dearness Allowance (CDA) pattern of pay scales at 1.1.1986 level computed on their existing pay scales in accordance with the extant scheme of VRS shall be increased by 50%.
8. The revised guidelines of the Department of Public Enterprises issued vide OM No. DPE/5(1)/2014-Fin (Part-I dated 14.6.2018) on time bound closure of sick/loss making CPSEs and disposal of movable/immovable assets under Para 4.1.2 (Estimation of dues of employees) stipulates that VRSNSS package at 2007 notional pay scale will be prepared irrespective of the pay scale in which CPSE is operating for release of the employees .
9. Other provisions under the VRSNSS Policy are as under:
  - i. Salary for purpose of VRS will consist of basic pay and DA only.
  - ii. Arrears of wages due to revision etc. will not be included in computing the eligible amount.
  - iii. Payment of bonus should conform to the provisions in the Bonus Act; Casual leave may be encashed in proportionate measure upto the date of VRS.
  - iv. Under the Gujarat pattern, the salary for VRSNSS shall be calculated on the basis of 30 days in a month and not 26 days. Consequently , the method of calculation of ex-gratia for VRS and VSS shall be similar.
  - v. The compensation under VRSNSS will be in addition to terminal benefits
10. Employees of industrial cooperatives with Government equity participation and who are not members of the cooperative will also be covered under the VRS.
11. Budgetary support will be provided to the marginally profit or loss making enterprises and to the sick enterprises for implementing VRS only in case bank credit is not available. The funds would normally be made available at the beginning of the financial year. However, before seeking budgetary support in cases of unviable/ sick CPSEs other sources of funding should be fully explored such as asset securitization and bank loans against Government guarantee for funding VRSNSS.
12. VRS will be applicable to the permanent employees , *badli* workers, work charged established and temporary workers **but not** to the casual workers. There will be no recruitment against vacancies arising due to VRS.

13. Once an employee avails himself of voluntary retirement from a CPSE, he shall not be allowed to take up employment in another CPSE. If he desires to do so, he shall have to return the VRS compensation received by him to the CPSE concerned. Where the compensation was paid out of a Government grant, the CPSE concerned shall remit the refunded amount to the Government. In case the CPSE is already closed/merged, the VRS compensation shall be returned directly to the Government.

14. It will be the responsibility of the concerned administrative Ministry to assist those opting for VRS in getting loans from banks for pursuing gainful self-employment.

15. In implementing the VRS scheme, managements shall ensure that it is extended primarily to such employees whose services may be dispensed without detriment to the company. Care will be exercised to ensure that highly skilled and qualified workers and staff are not given the option. As there shall be no recruitment against vacancies arising due to VRS, it is important that the organization is not denuded of talent. The managements of the CPSEs shall introduce the VRS with the approval of their Boards and the administrative Ministries.

16. The administrative Ministries/Departments are requested to bring the details of the Voluntary Retirement Scheme and the Voluntary Separation Scheme to the notice of the Public Enterprises under their administrative control and to ensure that PSEs implement the schemes strictly in accordance with the provision set out herein.

(Amit Rastogi)  
Deputy Secretary to the Government of India

To:

The Secretary of all administrative Ministries/Departments of the Government of India

**Copy to:**

8. CMD/Chief Executive of the Central Sector Public Enterprises.

9. All Financial Advisors in the administrative Ministries/Departments.
10. Secretary , Department of Expenditure , North Block, New Delhi.
11. Secretary , Department of Investment & Public Asset Management, CGO Complex, Lodi Road, New Delhi.
12. Secretary , PESB, CGO Complex, Lodhi Road, New Delhi.
13. Special Secretary, Banking Division, Department of Economic Affairs , Jeevan Deep Building New Delhi.
14. Comptroller & Auditor General of India, AGCR Building, Indraprastha Estate, New Delhi- 110002.

Deputy Secretary to the  
Government of India

**VRS Scheme in CIL****कोल इण्डिया लिमिटेड**

(भारत सरकार का उपक्रम)

**COAL INDIA LIMITED**

(A Govt. of India Enterprise)

**कोल भवन "COAL BHAWAN"**PREMISE NO: 04, MAR, PLOT NO: AF-III  
ACTION AREA-1A, NEW TOWN, RAJHARHAT  
KOLKATA-700156 (WB)**एक महारत्न कंपनी****A Maharatna Company****(An ISO 9001:2015, ISO 14001:2015 & ISO 50001:2011 Certified Company)****PERSONNEL DIVISION****POLICY CELL**CIN:L23109WB1973GOI028844  
E-MAIL: policycell.cil@coalindia.in  
TEL: 033-7110 4225  
FAX: 033-2324 4140  
WEBSITE: www.coalindia.in

संदर्भ सं: CIL/C5A (PC)/VRS/447

दिनांक: 04.07.2020

**कार्यालय ज्ञापन****विषय: Executive Retirement before Superannuation Scheme**

CIL Board in its 406<sup>th</sup> meeting held on 26.06.2020 approved amendments in Voluntary Retirement Scheme of Common Coal Cadre including the name of the Scheme as "Executive Retirement before Superannuation Scheme" for implementation with immediate effect.

The revised Scheme is enclosed for information and compliance by all concerned.

*(Handwritten signature)*  
4/7/2020

**(नीला प्रसाद)**

*(Handwritten text)*  
आ महारत्न कंपनी (कोल इण्डिया)

**ई-मेल के माध्यम से वितरण:**

1. D(T)/ D (P&IR)/ D (F)/ D(M), CIL
2. CMD, BCCL/ CCL/ CMPDIL/ ECL/ MCL/ NCL/ SECL/ WCL
3. CVO, CIL
4. D(P), BCCL/ CCL/ ECL/ MCL/ NCL/ SECL/ WCL
5. D(T/ES), CMPDIL
6. CVO, BCCL/ CCL/ CMPDIL/ ECL/ MCL/ NCL/ SECL/ WCL
7. GM/TS to Chairman, CIL
8. GM(P/EE), CIL
9. GM, NEC
10. GM, NDLO
11. GM/ HoD, IICM
12. HoD (System), CIL – with a request to upload the same in CIL website for information and compliance by all concerned.





## **Executive Retirement before Superannuation Scheme**

### **1.0 Scope**

This scheme shall cover all whole-time Executive cadre employees of Coal India Limited and its Subsidiary companies.

### **2.1 Conditions**

The Executive cadre employees governed by Coal India's terms and conditions of service and scales of pay, who have put in not less than 20 years of approved qualifying service including service rendered under the mine/ Company from which the employee was taken over, may retire from Coal India's service before superannuation subject to the following:

- (a) The Competent Authority will have absolute discretion to refuse permission to an Executive for retirement before superannuation without assigning any reason.
- (b) Before an Executive gives notice for early retirement from service, he/ she should satisfy himself by means of a reference to the appropriate authority that he/ she has actually completed 20 years' qualifying service.
- (c) An employee shall give notice of at least 3 months to the Competent Authority to retire early from service. A notice of less than 3 months may also be accepted by the Competent Authority in deserving cases.
- (d) The Company will not have the right to retire any Executive on its own under this Scheme.
- (e) If an Executive wishes to retire under this Scheme while he/ she is on study leave, the retirement shall take effect from the date of commencement of such leave and the leave salary paid in respect of such leave, shall be recovered from the dues payable to him/ her on early retirement.
- (t) A notice of early retirement may be withdrawn subsequently only with the approval of the Competent Authority provided the request for such withdrawal is made before the expiry of the notice period.
- (g) An Executive against whom disciplinary proceedings are pending/ prosecution sanctioned or contemplated in terms of Conduct, Discipline and Appeal Rules, 1978, shall not be allowed to retire early under this Scheme. Further, vigilance clearance will be required to allow an Executive to retire early under this Scheme.
- (h) Executives who would be retiring under Compulsory Retirement should be excluded from the Scheme.
- (i) OPE guidelines issued in future from time to time in respect of such retirement before attaining the age of superannuation would be applicable.

### **3.0 Benefits**

Executives retiring before attaining the age of superannuation under this Scheme, shall be entitled to all retirement benefits of the Company at par with the Executives on superannuation as per applicable statutes/ DPE guidelines/ rules of the Company for the purpose of Gratuity, CPRMSE, CMPF/ CMPS, defined contribution pension (CIL EDCPS 2007), leave encashment, transfer benefits (TA), etc. All the terminal



dues admissible to the Executive shall be settled within one month from the date of the acceptance of the retirement.

However, on such retirement, the Executives would not be eligible for any other ex- gratia payment.

#### **4.0 Definition of Competent Authority**

'Competent Authority' for approval of retirement before attaining the age of superannuation shall be the Chairman, CIL.

#### **5.0 Commencement of the Scheme**

The amended Scheme shall come into force with immediate effect.

#### **6.0 Interpretation**

The power to interpret the Scheme is reserved with the Director (P&IR), CIL and his/ her interpretation will be final.

#### **7.0 Savings**

The Chairman, CIL reserves the right to relax, alter, amend or withdraw partly or fully any of the provisions of this policy at his/ her discretion or on administrative grounds in the interest of the Company for reasons to be recorded in writing.

**SAMPLE CALCULATIONS SHOWING AIACE SUGGESTIONS FOR VRS BASED ON GUJARAT MODEL  
(MODEL RECOMMENDED BY DPE)**

COMPLETED YRS OF AGE	BASIC	DA	TOTAL	COMPLETED YR OF SERVICE (ASSUMING EXECUTIVE JOINS AT AN AGE OF 25 YRS.)	REMAINING YR OF SERVICE	COMPENSATION FOR COMPLETED YRS, @ 1.5 MONTH PER YR	COMPENSATION FOR REMAINING YRS, @ 1 MONTH PER YR	TOTAL EXPECTED COMPENSATION (7 + 8)	LIMITING COMPENSATION EQUAL TO 36 MONTHS SALARY	PAYABLE COMPENSATION (MINIMUM OF 9 & 10)	TOTAL SAVINGS TO CIL DUE TO NON-PAYMENT OF PERKS(35%) & SUPERANNUATION BENEFITS(30%) FOR REMAINING SERVICE
1	2	3	4	5	6	7	8	9	10	11	9
51	₹ 160,000	₹ 32,000	₹ 192,000	26	9	₹ 7,488,000	₹ 1,728,000	₹ 9,216,000	₹ 6,912,000	₹ 6,912,000	₹ 13,478,400
52	₹ 164,800	₹ 32,960	₹ 197,760	27	8	₹ 8,009,280	₹ 1,582,080	₹ 9,591,360	₹ 7,119,360	₹ 7,119,360	₹ 12,340,224
53	₹ 169,744	₹ 33,949	₹ 203,693	28	7	₹ 8,555,098	₹ 1,425,850	₹ 9,980,947	₹ 7,332,941	₹ 7,332,941	₹ 11,121,627
54	₹ 174,836	₹ 34,967	₹ 209,804	29	6	₹ 9,126,456	₹ 1,258,822	₹ 10,385,277	₹ 7,552,929	₹ 7,552,929	₹ 9,818,808
55	₹ 180,081	₹ 36,016	₹ 216,098	30	5	₹ 9,724,396	₹ 1,080,488	₹ 10,804,885	₹ 7,779,517	₹ 7,779,517	₹ 8,427,810
56	₹ 185,484	₹ 37,097	₹ 222,581	31	4	₹ 10,349,999	₹ 890,322	₹ 11,240,321	₹ 8,012,902	₹ 8,012,902	₹ 6,944,515
57	₹ 191,048	₹ 38,210	₹ 229,258	32	3	₹ 11,004,386	₹ 687,774	₹ 11,692,160	₹ 8,253,289	₹ 8,253,289	₹ 5,364,638
58	₹ 196,780	₹ 39,356	₹ 236,136	33	2	₹ 11,688,721	₹ 472,272	₹ 12,160,993	₹ 8,500,888	₹ 8,500,888	₹ 3,683,718
59	₹ 202,683	₹ 40,537	₹ 243,220	34	1	₹ 12,404,213	₹ 243,220	₹ 12,647,432	₹ 8,755,915	₹ 8,755,915	₹ 1,897,115
<b>ASSUMPTIONS :</b>											
	1 EXECUTIVE JOINS AT AN AGE OF 25 YRS										
	2 COMPENSATION FOR COMPLETED YRS, @ 1.5 MONTH PER YR										
	3 COMPENSATION FOR REMAINING YRS, @ 1 MONTH PER YR										
	4 MAXIMUM COMPENSATION IS LIMITED TO 36 MONTHS SALARY										