



Finance (BPE) Department.
Fort St. George, Secretariat,
Chennai-600 009.

Lr.No. 31310/Fin(BPE)Dept/2011 Dated 15.2.2012

From
Thiru K. Shanmugam, I.A.S.,
Principal Secretary to Government

To
The Chief Executive Officers of State Public Sector
Undertakings / Statutory Boards.

Sir / Madam,

Sub: State Public Sector Undertakings / Boards- Encashment of Unearned
Leave on Private Affairs at the time of Retirement-revised instructions
Issued-regarding

Ref: 1) Government Letter No.21494/BPE/2003-1 dt.11.4.2003
2) Government Letter No.37568/BPE/2006 dt.28.1.2008

In the Government letter 1st cited, it was indicated that though the State Public Sector Undertakings / Statutory Boards are implementing the scheme of encashment of Earned Leave to their employees subject to the maximum of 240 days, the Government have not extended the benefit of encashment of Unearned Leave on Private Affairs to the employees of State Public Sector Undertakings/ Statutory Boards as in the case of Government employees with reference to G.O.Ms.No.488/Fin (Pension) Dept.dt.12.8.96. The Government had accordingly directed the Chief Executive Officers of State Public Sector Undertakings / Statutory Boards to allow encashment of Earned Leave at credit of the employees of State Public Sector Undertakings / Statutory Boards upto a maximum of 240 days and the encashment of leave salary at the time of retirement shall be made 50% in cash and the balance 50% in small saving certificates after obtaining the option of the employee to choose either the post office Time Deposit for 3 years or the NSC (VIII issue) for six years. The encashment of leave salary at the time of retirement shall be based on pay plus Dearness Allowance only and other allowances should not be taken into account.

2) In the Government letter 2nd cited, the Government issued further directions that the scheme of Unearned Leave on Private Affairs ordered in G.O.Ms.No.488/Fin (Pension) Dept dt.12.8.96 for Government servants may also be extended to the employees of all Statutory Boards and State Public Sector Undertakings who are getting Government scales of pay, subject to the condition that the concerned

Board/ State Public Sector Undertakings should not seek financial assistance from the Government for this purpose. But this scheme should not be extended to the employees who are governed by the periodic Wage Settlement under Industrial Disputes Act.

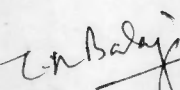
3) It has come to the notice of the Government that a few State Public Sector Undertakings have extended the benefit of encashment of Unearned Leave on Private Affairs to their employees even though there is no provision in their Service rules for extension of such benefit and seek later orders for ratification from the Government.

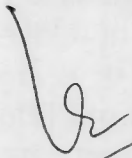
4) The Government after careful examination, issue the following directions:

- (i) only those Statutory Boards / State Public Sector Undertakings whose Service Regulations / Service Rules provide for extension of this scheme, may continue to sanction the benefit of encashment of Unearned Leave on Private Affairs to their employees at the time of their retirement from the date of the orders issued in Govt Lr.No 37568/BPE/2006 dt.28-01-08 without seeking financial assistance from Government.
- (ii) those Statutory Boards / State Public Sector Undertakings whose Service Regulations / Service Rules do not contain provision for availing of Unearned leave on Private Affairs, this scheme should not be extended to its employees. Further, this scheme should not be introduced as a new benefit.

5)The Chief Executive Officers of the State Public Sector Undertakings / Boards are requested to place this letter before the Board of Directors in the next meeting.

Yours faithfully,


for Principal Secretary to Government


17.02.12

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All Departments of Secretariat.
All Finance Directors