

Scheme for the retired employees of  
State Transport Undertakings (STUs)

in accordance with

the direction contained in the Solemn  
Order dated 30.6.2015

passed by

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**HIS LORDSHIP HON'BLE JUSTICE  
BISWANATH SOMADDER**

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in WP No. 11978(W) of 2015

**Scheme for the retired employees of State Transport Undertakings (STUs) in accordance with the direction contained in the Solemn Order dated 30.6.2015 passed by His Lordship, Hon'ble Justice Biswanath Somadder in WP no 11978 (W) of 2015.**

While hearing a writ petition being WP 11978 (W) of 2015, filed by a former employee of Calcutta State Transport Corporation regarding nonpayment of his retiral dues, His Lordship, Hon'ble Justice Biswanath Somadder requested the learned Government Pleader to appear on behalf of the State of West Bengal in this matter also. Hon'ble Court observed that "the reason for approaching this Court-as it appears from the pleadings - is essentially for the purpose of obtaining release of his dues such as balance provident fund, gratuity, leave salary and arrear salary as per ROPA2009. It further appears that the petitioner is also claiming interest for delayed payment of his dues which have accrued over a period of time."

In the facts and circumstances of the case, Hon'ble Court directed the learned Government Pleader to issue instructions to the Principal Secretary, Finance Department as well as the Principal Secretary, Transport Department to formulate a scheme for payment so that not only the writ petitioner, but also those similarly situate and circumstanced, do not have to approach the writ Court for redressal of their grievances of a similar nature, unnecessarily. A copy of the Solemn order dt. 30.06.2015 is at Annexure-A.

Finance Department and Transport Department have accordingly worked together and formulated a Scheme which has been placed at Annexure-B. As various data had to be collected from the STUs and collated, State respondents could not submit the Scheme within the originally fixed time schedule which is sincerely regretted. The State of West Bengal wishes hereby to record its profound gratitude to His Lordship Hon'ble Justice Biswanath Somadder for giving an opportunity to the Government to present the problems of STUs and suggested solution in the form of a Scheme in a consolidated way.

This Scheme has got the formal concurrence of the Government in the form of Finance Department, Group-R's U.O no. 0046 dt. 7.8.15.

**WP 11978 (W) of 2015**

Aloke Chakraborty  
Vs.  
State of West Bengal & Ors.

Mr. Manas Kumar Ghosh  
Ms. Susmita Dey (Basu)  
Mr. Paresh Nath Samanta  
... For the petitioner  
Mr. Abhrotosh Majumder, GP  
Mr. S.M. Samim Ullah  
... For the State  
Mr. Amal Kumar Sen  
Mr. Sanjay Paul  
... For the CSTC

Affidavit of service filed In Court today be taken on record.

Since the learned Government Pleader is present in Court in connection with another matter, he is requested to appear on behalf of the State of West Bengal in the instant matter too.

The petitioner is a former employee of Calcutta State Transport Corporation. The reason for approaching this Court as it appears from the pleadings - is essentially for the purpose of obtaining release of his dues such as balance provident fund,

gratuity, leave salary and arrear salary as per ROPA 2009. It further' appears that the petitioner is also claiming interest for delayed payment of his dues which have accrued over a period of time .

In the facts and circumstances of the case, the learned Government Pleader is directed to issue immediate instructions to the Principal Secretary, Finance Department as well as the Principal Secretary, Transport Department who shall formulate a scheme for payment within a period of four weeks from date so that not only the writ petitioner, but also those similarly situate and circumstanced, do not have to approach the writ Court for redressal of their grievances of a similar nature, unnecessarily.

Once the scheme is formulated, the learned Government Pleader shall inform this Court accordingly.

Let this matter appear for further consideration under the same heading in the Combined Monthly List to be published for the month of August, 2015.

**(Biswanath Somadder, J.)**

## Annexure - B

### Recital on liabilities of State Transport Undertakings (STUs) towards its employees and formulation of scheme for payment of retiral dues of the retired employees of STUs:

1. At present 5(five) State Transport Undertakings (STUs) viz. Calcutta State Transport Corporation(CSTC), The Calcutta Tramways (1978) Company Ltd.(CTC), South Bengal State Transport Corporation(SBSTC), North Bengal State Transport Corporation(NBSTC) and West Bengal Surface Transport Corporation Ltd.(WBSTC) are operating under Transport Department of Government of West Bengal for rendering public transport services within the State.
2. If we go through the operational fleet profile of different STUs from 2000-2001 onwards, it will be evident that though the total no of operational fleet / serviceable fleet was in a declining trend over the years, the staff/ Manpower requirements was not properly assessed and recruitment of staffs were made periodically. As a result, most of the STUs are having adverse man- bus ratio and overburdened with huge overheads cost for salaries, retiral benefits and other payables towards their disproportionate number of work force. Fleet utilization of the STUs is not satisfactory. It is a fact that STUs being public undertakings, the Govt extended most of the service benefits at par with the Govt employees of similar categories like pay scale, DA, retiral benefits, ROPA benefits and others. Until the ROPA 2009 came into effect, the STUs received the entire fund required for its employees from the Govt in the form of subsidy. The ROPA 2009 awarded a major restructuring of the pay scale and other benefits towards the employees of these STUs as well as restructuring of the entitlement under pension for the pensioners. This has resulted in abrupt increase of cost of manpower in each of the ailing STUs. Thus it is apparent that though the STUs created huge human resource, it failed to achieve operational efficiency. There is poor performance in operating busses generating little surplus. Such unevenness and disproportionate arrangement resulted in underutilization of human resources and increasing overhead cost and liability on salary and other allowances for the employees of the above ailing STUs already running at losses.

The operational fleet (serviceable fleet) profile of different STUs from 2000-01 is noted below:

*Year-wise total no. of buses/tram/vessels*

Name of STUs		2000-01	2010-11	2011-12	2012-13	2013-14	2014-15
CSTC		821	710	630	520	400	782
CTC	Tram	230	180	180	180	180	180
	Bus	272	320	320	305	282	259
NBSTC		954	783	704	720	688	661
SBSTC		557	577	480	433	424	460
WBSTC	Bus	85	149	170	176	158	183
	Vessel	23	23	23	24	26	26
<b>Total</b>		<b>2942</b>	<b>2742</b>	<b>2507</b>	<b>2358</b>	<b>2158</b>	<b>2551</b>

3. Thus the adverse man bus ratio, increase in overhead costs, especially the cost towards manpower etc. have resulted in recurrent operational losses/ deficit over the years for all the STUs. *Thus it is apparent that the STUs are virtually loss making undertakings, having accumulated huge losses over the years.*

**Operational deficit (Excluding depreciation and interest on Govt. loan)**

[Rs. in lakh]

Name of STUs	2000-01	2010-11	2011-12	2012-13	2013-14	2014-15
CSTC	10387.92	20778.26	17225.83	14810.23	16854.92	15950.68
CTC	5517.15	17152.31	16369.22	15459.07	17419.64	19240.52
NBSTC	5297.68	10843.61	10574.43	9811.98	10524.24	12962.68
SBSTC	2631.27	6950.38	6336.36	5812.63	6859.56	6640.98
WBSTC	227.85	1405.31	1447.24	1447.47	1885.25	1993.02
<b>TOTAL</b>	<b>24061.87</b>	<b>57129.87</b>	<b>51953.08</b>	<b>47341.38</b>	<b>53543.61</b>	<b>56787.88</b>

4. To cope with persistent operational losses of the STUs, the State Government provides financial assistance as subsidy under non-plan head to meet a lion's share of the enormous liabilities of the STUs towards their employees. At present 75% on account of Salary and 100% on account of pension and other retiral benefits are being given to the STUs as subsidy by the State Government. *But in order to mobilize the rest 25 % of the pay and allowances, the STUs have consistently failed to meet certain statutory liabilities like contribution to Provident Fund, payment of gratuity and meeting enhanced emoluments for the employees. Over the years this has accumulated and transformed into huge burden on the STUs as well as the Govt.*

The amount of Govt. grant released as subsidy in favour of STUs since 2000-01 is given below:

**Government Grant (Subsidy given to STUs)**

(Rs. in lakh)

Name of STUs	2000-01	2010-11	2011-12	2012-13	2013-14	2014-15
CSTC (BP Rs152 crores approx)	8604.17	14950.97	12710.61	15133.36	15244.85	19653.56
CTC (BP Rs 171 crores approx)	5299.00	17105.73	15254.79	15216.49	17056.95	17060.69
NBSTC (BP Rs 125 crores approx)	3746.44	9534.94	9206.18	8501.71	10073.40	11466.29
SBSTC (BP Rs 72 crores approx)	1994.05	6842.35	5822.41	5169.20	6092.83	6040.49
WBSTC (BP Rs 2 crores approx)	Nil	200.00	200.00	200.00	200.00	200.00
<b>TOTAL</b>	<b>19643.66</b>	<b>48633.99</b>	<b>43193.99</b>	<b>44220.76</b>	<b>48668.03</b>	<b>54421.03</b>

N.B.: BP=Budget Provision (Total BP: Rs 522 crores)

It is apparent that in case of CSTC, in the last financial year, 2014-2015, the net subsidy outgo has exceeded the budgetary provision and the fund has to be provided by way of augmentation of budgetary provision, in compliance of the orders of Hon'ble High Court arising out of several Court Cases filed by the writ petitioners time to time for settlement of their claim of retiral dues.

5. It is pertinent to mention in this connection that with a view to reduce overstaffing over a period of last three to four years in the STUs and to come out somewhat from the overwhelming financial burden, **Voluntary retirement scheme was implemented by the State Government for 857 nos of employees of the four STUs (namely CSTC, CTC, NBSTC and SBSTC ) and Rs 132.78 crores (with PF dues) were released as VRS.**

6. **Present total liabilities of the STUs towards its employees inclusive of retiral dues:**

Even after allocation of excess fund to the STUs, over and above the Budgetary provisions, a portion of liability especially the dues towards the employees of STUs remained unpaid over a period of almost last 10 years. This has resulted accumulation of huge amount of liabilities.

***Total Liabilities of the STUs inclusive of retiral dues (towards employees)***

*[Rs. in lakh]*

Name of STUs	2000-01	2010-11	2011-12	2012-13	2013-14	2014-15
CSTC	1294.46	6969.00	13937.00	20906.00	38542.00	48178.00
CTC	5753.68	13997.96	16891.41	20168.97	20673.01	21165.60
NBSTC	0	602.48	963.97	2048.44	3616.89	4819.06
SBSTC	403.83	765.00	1208.44	1141.37	607.04	598.50
WBSTC	104.30	606.81	636.91	717.10	727.36	762.60
<b>Total:</b>	<b>7556.27</b>	<b>22941.25</b>	<b>33637.73</b>	<b>44981.88</b>	<b>64166.30</b>	<b>75523.76</b>

The State Govt in view of recurring huge financial losses incurred by STUs due to various reasons is not in a position to bear such a huge liability on a recurring basis.

7. Thus it is suggested that it would be appropriate that on retirement of an employee, the STUs should pay the entire retirement dues of the employees on priority basis without any pending dues so that there is no scope of any recurring liability over the years. For the purpose of GPF/ CPF, it is suggested that the **Escrow Account for GPF/ CPF** should be opened and the GPF/ CPF contributions of the employee should compulsorily go into the account on monthly basis and it cannot be diverted for any other purpose. This would curb the liabilities of the Govt on account of GPF/ CPF contributions of the employees and would reduce the ultimate financial burden of the Govt in the long run and also save Govt from attracting penal provisions under the GPF Act.

**8 Extent of arrear liabilities towards retired employees:- (upto 31.3.2015)**

The overall present liabilities of the 5(five) STUs towards their retired employees upto 31.3.2015 for which a large number of Court cases are being generated are noted below: (as per report of Principal Secretary, Transport Dept vide no 161-PSTD/ 2015 dt 5.8.2015).

So No.	Component of liability	Total amount due (Rs. in lakh)
		Upto 31.03.2015
1	Provident Fund	3248.68
2	Gratuity	10583.3
3	Leave Salary	2748.643
4.	Arrear Pay under ROPA 2009 ( 3 <sup>rd</sup> instalment)	1062.84
i)		
ii)	Arrear Pension under ROPA 2009	12684.38
iii)	Arrear D.A.	125.28
iv)	Arrear increment	11.39
	<b>Total:</b>	<b>30464.55375</b>

9. Meanwhile, a large number of employees/ex-employees of the STUs have filed Writ Petitions before the Hon'ble High Court for payment of their outstanding dues. The Hon'ble Justice, in his order/judgment dated 30.06.2015 in W.P. No.11978 (W) 2015 in the writ petitions of retiring employees has been kind enough to issue direction upon the Government pleader to take up the issue with Transport Department as well as Finance Department so that suitable scheme can be evolved for liquidating all the outstanding liabilities./ retirement dues towards the employees on various counts. Accordingly, a draft proposal / scheme has been prepared below to mitigate the arrear liabilities of the STUs towards their employees who have already retired on 31.3.2015 and also the current liabilities that may be generated beyond 31.3.2015.

### The Scheme

1. From the Report submitted by the Principal Secretary, Transport Dept, it is apparent that the total outstanding dues for the retiring employees upto 31-3-2015 is Rs.304.65 crores. *For evolving a judicious and viable mechanism for liquidating the above outstanding dues arising out of retiral benefits upto 31.3.2015, it is suggested that the Finance Department and the Transport Department will provide the necessary and co-ordinated support for liquidating the dues of the STUs and a period of 36 months (3 years) starting from September, 2015 onwards may be fixed for payment of outstanding liabilities to the retired employees at the rate of Rs 8.5 crores per month (approx) with the stipulation that the employees who have retired earlier will get their dues first.* This allocation will be made from the existing budgetary provision of the Transport Dept in respect of the different STUs and in case of shortfall of fund for providing the retirement dues, the Transport Department will approach the Finance Department for consideration for necessary augmentation of fund.
2. **In case of current liabilities generated beyond 31-3-2015 towards retiral benefits of the employees of the STUs, Transport Department will have to ensure that the retiral dues will have to be cleared as first charge within 30 days of retirement from the available fund/ existing budgetary provision. Any fund available to a particular STU out of monetization of its assets will be utilized for this purpose. In case of shortfall, Finance Department will provide additional fund specifically for this purpose.**

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