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MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN DGR,  
MINISTRY OF DEFENCE, MINISTRY OF COAL, COAL INDIA  
LIMITED AND COAL SUBSIDIARY

POLICY ON FORMATION AND RUNNING OF EX-SERVICEMEN  
COAL TRANSPORTATION COMPANIES

INTRODUCTION

1. The scheme to raise ex-servicemen coal transportation companies was formulated between Ministry of Energy and the Ministry of Defence in 1979 with the dual purpose of having union free captive transport companies in coal subsidiary companies and for providing resettlement opportunity to ex-servicemen.
2. Instructions/guidelines do exist on formation and running of ex-servicemen coal transportation companies, yet it has been felt that due to change in working conditions, problems experienced in day-to-day working and also different criteria followed by each coal subsidiary there is requirement of a formal MOU.
3. This MOU lays down the major aspects of administration and functioning of the ex-servicemen coal transportation companies operating under various subsidiaries of Coal India Limited (CIL). The clauses in MOU are in conformity with the policy and guidelines contained in the Ministry of Energy, Department of Coal letters No. 49026/719/81 P-1B dated 14th July, 1981 (Appendix 'A'), No. 58014/2/85-IR dated 23rd Dec. '86 (Appendix 'B') and Cabinet Secretariat letter No. 98/2/86 Cab VB dated 11th May, '87 (Appendix-'C').
4. Actions required to be taken by DGR, Ministry of Defence and the concerned Coal Subsidiary are given at Appendices 'D' and 'E' respectively.

ELIGIBILITY CRITERIA

5. The eligibility criteria for the companies to be sponsored to the coal subsidiaries for undertaking coal transportation work are as under :-

(a) Officers/JCOs and equivalent who retire from service are only eligible. Re-employed Officers/JCOs are not eligible as long as they are serving

(b) Widows, whose husband die in service,

(c) Dependents (son only) of disabled more than 50% and widows who husband die in harness.

sound.

(e) It is desirable that directors have knowledge of Labour/Companies Laws and Accounts.

(f) Age below 60 years.

(g) Potential directors have to submit answers to the Questionnaire alongwith submission of Feasibility Report at the time of acceptance of the offer of transportation work. The specimen of the "Questionnaire to be Answered" is given at Appendix-'D' attached.

(h) They should have no adverse enteries in their record of service and an attested photo-stat copy of record of service/discharge certificate and Bio-data will have to be submitted alongwith the application for registration.

(j) Retired Officers/JCOs and their equivalentents have to submit a certificate as per Appendix-'E' at the time of issue of sponsorship that they are not in any other employment/self employment.

#### POLICY

6. Number of Directors - A minimum of three retired officers and JCOs and equivalentents are required to form a private limited company duly registered with Registrar of Companies. Out of three directors, one of them must be a commissioned officer. The JCO may be inducted as an executive directors. If he is not a share holder he may not have voting rights. The officers and JCOs forming the company will be advised to consult the Chartered Accountant to ensure that there is no complication at later stage. There will always be three ex-servicemen directors on the board of directors of the company.

7. Number of Ex-servicemen Employees - The transport company must have 51% ex-servicemen employees at the time of starting the work and later to be increased to 90% within three months from the date company commences the operation. At any point of time during the first year the strength of the ex-servicemen should never be less than 51%.

8. Authorisation of Tippers & Pay Loaders - Each ex-servicemen coal transport company will be allowed to operate maximum 20 tippers and two pay loaders initially. Further expansion, if any, may be given to 30 tippers and three pay loaders with the concurrence of Director General Resettlement and the concerned coal subsidiary company. In exceptional cases due to operational constraints, a particular ex-servicemen transport company may be allowed to expand to a maximum of four pay loaders and forty tippers with the concurrence of Coal India Limited and Director General Resettlement.

9. Enhancement of Fleet

(a) Each ex-servicemen coal transport company may be initially allowed to commence work with 1 pay loader and 10 tippers. This fleet shall be enhanced to 2 pay loaders and 20 tippers within 6 to 9 months of the commencement of work.

(b) If any ex-servicemen coal transport company fails to enhance the fleet within the stipulated time, an additional time of 3 months with penal deductions will be allowed.

The rate of penal deductions will be decided by the coal subsidiary in consultation with Coal India Limited and specified in the Letter of Intent.

(c) In case the ex-servicemen coal transport company fails to enhance the fleet within one year of the commencement of work, it may invite cancellation of sponsorship.

10. Period of Contract - The initial contract is valid for 5 years from the date of signing of work contract. The concerned coal subsidiary and ex-servicemen coal transport company will jointly sign the work contract within three months of commencement of work. Exceptional cases may be considered for extension jointly by DGR/concerned subsidiary. One copy of the same will be forwarded to DGR, Ministry of Defence for their record.

11. Security Deposit - An ex-servicemen coal transport company will be required to give a maximum of Rs. 2.5 lakhs as security deposit to the concerned coal subsidiary. This amount will be recovered by the coal subsidiary in monthly instalments at the rate of 5% of the each running bill or Rs. 50,000/- per month whichever

recovered within 12 months of the start of the work.

12. Renewal of Contract - Renewal of contract for another one term of 5 years may be considered by the coal subsidiary/CIL and DGR jointly provided the past performance and functioning of the transport company has been satisfactory and employment of ex-servicemen has been as per the laid down policy.

13. Vehicles on Lease - No ex-servicemen transport company will be permitted to lease/hire vehicles for their assigned work. The hire purchase will only be permitted from the manufacturer of the vehicles/authorised agent.

14. Registration of Ex-servicemen Coal Transport Company under Registrar of Companies under Companies Act of 1956

The ex-servicemen coal transport companies shall get the Memorandum and Articles of Association approved from DGR and then Registrar the same with the Registrar of Companies under the Companies Act of 1956. Clauses of DGR which are given at Appendix 'G' will be suitably incorporated in the Memorandum & Articles of Association.

15. Provision of 10% Seed Money by the Coal Subsidiary

Since the coal subsidiaries are no more providing tipping trucks to ex-servicemen coal transport companies the former shall help them by providing 10% Seed Money Assistance of the projected cost of upto 30 tip-pers and three pay loaders subject to the availability of funds and budget provision.

The seed money if provided, shall be subject to a Bank Guarantee of equal value from a Scheduled Bank having validity till the seed money is fully recovered. The value of B/G shall, however, progressively reduce on a six monthly basis to the extent of the amount recovered from the on account bills. The seed money shall be recovered on a monthly basis during the currency of the contract or 30 months, whichever is earlier.

16. Allotment of Initial Work

The initial work will be allotted by the coal subsidiary to the ex-servicemen coal transportation company in consonance with the equipment being deployed by the ex-servicemen coal transportation company.

17. Allotment of Additional Work - Coal subsidiaries will ensure that all ex-servicemen transport companies are given more or less equal work if engaged at common site or mine. However, if situation demands to allot additional work to particular company, it may be done under intimation to DGR.

18. Policy on fixation of rates & revision of rates -  
The initial transportation rates would be fixed by the subsidiary company based on the standard format to be evolved jointly by DGR and CIL.

Rates may be revised at the beginning of each financial year considering the price hikes on account of escalation in the prices of tyres, tubes, spares and POL. A representative from the DGR shall be associated in this exercise.

19. Allotment of Work-site - The coal subsidiaries will ensure that ex-servicemen coal transport companies are provided work sites separate from that allotted to civilian contractors. The work site will be mentioned in the Letter of Intent and except in exceptional cases, the work-sites shall not be changed.

20. Land space for setting of Ex-servicemen Esttb.

Coal subsidiaries will allot suitable areas for establishment of temporary garages, workshop, site of offices and barrack accommodation.

21. Stoppage of Payments/Work and Payment through DGR Exceptional Cases

(a) In case an ex-servicemen coal transport company is not adhering to the laid down policy and instructions issued from time to time and also if found indulging in malpractices withholding of their payment of Bills and stoppage of work will be considered forthwith under intimation to DGR.

(b) In case the ex-servicemen coal transport company has taken loan from Commercial Banks/recognised Financers/SFCs through DGR Schemes to purchase pay loaders on tippers, the entire payment relating to their transportation work, would be remitted by Coal Subsidiary to the concerned Bankers/Financers/SFCs on the request of the company and instructions of DGR. This Clause will be instituted in the Memorandum and Articles of Association submitted by the ex-servicemen coal transport companies for the approval by DGR and in the contract by the coal subsidiary.

(c) The concerned coal subsidiary/Coal India Ltd., will have a right to warn or to take any legal action including the penalty clause as specified in the work contract against any ex-servicemen coal transport company for their failures under intimation to DGR.

22. Award of Work - Only those transport companies of ex-servicemen which are being sponsored by DGR, will be given transport work contract by coal subsidiaries. Under no circumstances coal subsidiaries will deal directly with ex-servicemen coal transport companies for award of work. Coal subsidiaries will also ensure that no fake company on the name of ex-servicemen transport company is awarded transportation work.

23. Induction/Removal of Directors - Induction/removal of Directors from the ex-servicemen coal transport company will be done with prior permission of DGR.

Coal subsidiaries will bring to the notice of DGR if any deviation comes to the notice of coal subsidiary.

24. Reports/Returns

(a) All ex-servicemen coal transport companies will submit half yearly report as on 31st Dec. and 30th June so as to reach DGR by 15th Jan. and 15th July.

X (b) This report will be countersigned by the concerned coal subsidiary HQ. Specimen is attached as Appendix 'H'.

(c) All ex-servicemen transport companies will also submit an annual report duly countersigned by concerned coal subsidiary HQ, covering the period of 1st Jan. to 31st Dec. so as to reach DGR by 15th Jan. of the following years. Specimen of the report is attached as Appendix 'J'.

(d) Aim of these reports is to check on deployment of vehicles employment of percentage of ex-servicemen, detect irregularities if any and to monitor the progress of the ex-servicemen transport companies. Non-submission of the report or concealing facts in the report may invite cancellation of sponsorship/non-renewal of the contract.

25. Action by Deptt. of Coal/Coal India Limited - The performance of the ex-servicemen coal transport companies will be reviewed jointly by DGR/Coal India Limited and Coal Subsidiary (on yearly basis).

26. Coal India Limited would hold a yearly meeting with DGR and Coal Subsidiaries to review the performance of Ex-servicemen Transport Companies and to make any changes in policy relating to functional operation.

(T.P. BALAKRISHNAN)  
C.G.M. (Co-ordination)  
Coal India Ltd.

(Maj. Gen. R.P. LIMAYE)  
Director General  
Resettlement

मे. जनरल र.प. लिमये  
MAJ. GEN. R.P. LIMAYE  
महानिदेशक  
Director General  
पुनर्वास महानिदेशालय  
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Min. of Defence, New Delhi

Witness.

Witness  
(V. N. ANAND)  
OSD,  
C.I.L. Delhi

Witness  
8/4/93

COLONEL VIVEK KAPUR  
DIRECTOR (SELF EMP)  
DGR/MIN OF DEF