

WCL, CIL

MEMORANDUM OF UNDERSTANDING BETWEEN CIL & DGR

1. Introduction.

(a) The Scheme to raise ex-servicemen (ESM) Coal Transportation Company was formulated between the erstwhile Ministry of Energy and Ministry of Defence in 1979 with the aim of having union free captive transport organization in Coal Subsidiaries and to provide resettlement opportunity to ESM.

(b) The scheme has been successful and mutually beneficial. Though instructions/guidelines exist on formation and running of ESM Coal Transportation Companies, based on the experience gained so far, it has become necessary to review and revise the role of various stake holders to make its implementation more effective.

2. Formation of an ESM Coal Transportation Private Limited Company.

(a) On receipt of request from the CIL Coal subsidiaries, the DGR will process the case by selecting eligible ESM (O) as Director's to form the ESM Coal Transportation Company. Process of selection, eligibility conditions and sponsorship will be as per the guidelines issued by the DGR for formation and running of Coal Transportation Company. After selection, the prospective Directors will be directed to visit coal subsidiary for recce and prepare the feasibility report. The concerned coal subsidiary will assist them to prepare the feasibility report. Based on this report DGR will accord approval to the Directors to form an ESM Company. The Directors will then get the ESM Company registered as a private limited company with Registrar of Companies (ROC). On completion of all formalities, DGR will sponsor the ESM Company to the Coal Subsidiary.

(b) The Coal Subsidiary will ensure that award of work to the sponsored ESM Company is done within 30 days from the date of reporting of the ESM Company. The execution of work by the ESM Company will commence within a period of three months from the date of award of work.

3. Financing & Share Holding.

(a) Each ESM Company will start with an initial capital of Rs 60-80 lakhs with equal contribution from each of the directors. This may be revised from time to time based upon economic factors.

(b) All the shares of the ESM Company will only be held by the directors.

(c) The widow / disabled ESM / dependent as nominated by DGR to ESM Company against Tipper Attachment Scheme will contribute onetime payment of Rs. One Lakh. The ESM Company will pay fixed remuneration of Rs 3, 000/- per month to the person attached with them. The capital deposited (Rs. One lakh) will be refunded upon completion of five years.



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ASOK KUMAR
DIRECTOR GENERAL (INDUSTRIES)

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4. **ESM Employees.**

(a) The ESM Co. will employ a minimum of 75% of total regular employees as ESM or widows/dependants within 6 months of commencement of work. Nominal roll of all employees will be submitted on the laid down format along with half yearly and annual returns by ESM Co. The DGR will arrange for random spot checks to ensure compliance. The following categories will be taken into account while calculating the total number of employees for the purpose of working out 75%.

- (i) Share holders of the Co.
- (ii) Office personnel & Supervisory staff.
- (iii) Tipper owners/owner drivers.
- (iv) Workshop staff, if workshop is established by Co.

Any person employed by tipper owners / owner driver would not be considered to be the employee of the company for the purpose of computing percentage employment of ESM. However, ESM Cos. will discharge all financial liabilities for such employees as required by relevant statute.

(b) All employees of ESM Company should have Identity Card duly signed by one of the Directors of the ESM Company.

5. **Mode of Payment.** All wages paid to the employees should be through bank only and ESM Company to submit statement of proof to DGR and coal subsidiaries. The wages paid to the employees should not be less than minimum wage applicable to the coal industry.

6. **Fleet Strength / Ownership and Management.**

(a) All the tippers and pay loaders to be deployed in the company will be owned by the eligible ESM and the ESM Company only. The ESM Company will hold 10 tippers against the widows / disabled ESM / dependent attached under Tipper Attachment Scheme by the DGR. DGR will attach 20 widows / disabled ESM / dependent against 10 tippers owned by the ESM Company. The ESM Company will be responsible for all liabilities whatsoever of these tippers. Hire purchase is permissible. Hiring of loaders / excavators / tippers is not permitted. The ownership pattern of the fleet will be as follows:

Tipper details	1 st 10 Tippers and 1 Loader / excavator	2 nd 10 Tippers and one addl. loader / excavator	Next 10 Tippers and one addl. Loader/ excavator
a. ESM Tippers	08	06	06



20/11/14

KASOK RAY
General Manager (Production)
R.K. PURAM, NEW DELHI

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b. ESM Company Tippers / Widows' Tippers	02	04	04
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(b) In case the work allocated by the Coal Subsidiary does not have a requirement of pay loader to be deployed, in that case the directors will be permitted to have one tipper each. The fleet strength in that case could be.

Tipper details	1 st 10 Tippers and 1 Loader / excavator	2 nd 10 Tippers and one add. loader / excavator	Next 10 Tippers and one add. Loader/ excavator
ESM Tippers	05	06	04
Director's Tippers	05	-	-
ESM Company Tippers/ Widows' Tippers	-	04	06

Note.

- (i) The ESM companies will be required to induct new Payloaders/ excavators and tippers. Documentary evidence for procurement of these equipment from the manufacturers must be in consonance with registration details. Copy of RC will be submitted to DGR.
- (ii) All Pay Loaders / excavators will be owned by the ESM Company only.
- (iii) The ESM Company will procure, own and operate the tipper only against the ESM / Widow / dependent attached with the company against the Tipper Attachment Scheme.
- (iv) The minimum capacity of the tippers should be 10 wheelers i.e. 16 tonnes.
- (v) A fleet includes Tippers owned by the ESM Co. as well as other ESM. In case of tippers to be owned by other ESM, the ESM before procurement of the tipper will apply to DGR through ESM Company and will produce service documents in original and obtain permission to procure and attach the tipper truck



28/11/14

General Manager (Production)
 Eastern Coalfields Limited
 Ranchi, Jharkhand

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