

**GUIDELINES ON FORMATION AND RUNNING OF
EX-SERVICEMEN COAL TRANSPORT COMPANIES**

1. **General** The guidelines are to be read, understood and implemented in conjunction with the MoU between the DGR and CIL signed on 12 Dec 2013. The copy of the MoU and addendum with Coal Subsidiaries is attached as **Appendix 'A'**. On receipt of requisition from the Coal Subsidiary the ESM Company will be sponsored by DGR. After a feasibility study in Coal Subsidiary, the selected ESM (O) form a Private Limited Company, duly registered with Registrar of Companies. The company has to start with an authorized capital of 60-80 lacs or more shared between the ESM (Os). ESM Company will commence its operations with one pay loader and ten tippers and can progressively increase its fleet to three pay loaders and thirty tippers. The pay loaders will be owned by the ESM Company. Out of thirty tippers, ten tippers will be reserved for allotment to widow/disabled ESM, four tippers will be for ESM(Os) who have not taken ESM Company/Security Agency from DGR and sixteen tipper trucks will be for JCOs/ORs and equivalent. The ESM Company will be permitted to operate for 5 years extendable to 9 years.

2. **Eligibility:** The eligibility criteria for various categories of the ex-Servicemen (ESM) associated with the Coal Transport Companies are as under:-

(a) **Directors of the ESM Coal Transport Company :**

(i) For becoming Directors of the ESM Company, unemployed retired commissioned Officers below 60 years of age (Brig and below) and 62 years of age (General Officers) from the three services are eligible to get their names registered for ESM Coal Transport Company Scheme. No Director is to be above 60/62 years at time of sponsorship.

(ii) The retired officer is eligible to be director of only one ESM Coal Transport Company.

(iii) At the time of sponsorship of the ESM Company and there after all through the tenure as Director of the company the Director is not to be employed/self employed or hold any position of profit in any institution other than that of the ESM Company.

(iv) The officer should have registered for the scheme with DGR within five years of release/retirement. The common registration form, including for the Coal Loading and Transport Scheme is attached as **Appendix 'B'**.

(v) To ensure complete transparency and avoid undesirable influence in implementation of the Scheme, it has been decided that no ex-officer/official of DGR shall be permitted to avail of Coal Loading and Transportation Scheme.

(b) ESM Tipper Owners

(i) ESM should not be above the age of 60 years at the time of attachment in any ESM(O) Company.

(ii) Only one tipper can be attached by an ESM.

(c) Beneficiaries under Tipper Attachment Scheme: Refer SOP for tipper attachment scheme for widows, dependants and disabled ex-servicemen attached as **Appendix 'C'**

(d) Office / Supervisory Staff: ESM should not be above the age of 60 years at any time.

Formation of ESM Company

3. On receipt of a demand from Coal Subsidiary for a Coal Transport Company, the DGR will initiate steps to select eligible retired officers as per the seniority, which are willing to undertake the work after completion of mandatory documentation, to form an ESM Coal Company. The related terms and conditions are as under:-

(a) On receipt of request from the Coal Subsidiary, the DGR will take following action:-

(i) In case demand is for more than one ESM Company, the DGR will seek willingness of ESM (O) from the seniority roster of prospective Directors maintained by DGR. The willingness will be sought in multiple of five for the number of companies to be sponsored as each ESM Company will have five ESM (O) Directors. The willing Directors falling in seniority within that number will be allowed to form the ESM Company with five directors in each.

(ii) In case of demand of only one company the DGR will seek willingness of five ESM (O)s as per the seniority roster of prospective Directors maintained by DGR. In case any ESM (O), whose turn has come up for sponsorship is unwilling to join in a company with others in that seniority, he will be provided with one more opportunity for sponsorship when next demand of ESM Company is received from the Coal Subsidiary. If the ESM (O) is still unwilling his name will be struck off from the seniority roster of this scheme. In case of any ESM (O) is unwilling the next ESM (O) in seniority roster will be asked to join to form the ESM Company.

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(b) The ESM Company will have a minimum of five directors at all times. However under certain circumstances such as death of an incumbent director, insanity, voluntary withdrawal as approved by the board of directors, removal of a director by DGR or by the board of directors, the shares of the director so becoming ineffective will be transferred to the other directors or to the widow of the ineffective director as the case may be. Under these circumstances the company may continue to function with less than five directors but not less than three directors at any time. In case the strength of directors is reduced to less than three, then within six months ESM Company will induct new directors.

(c) Any induction/de-induction of director(s) in an ESM Company will be done only on prior approval of the DGR. Copy of the Form 32, reflecting the change in the constitution of the board of the directors of the ESM Company, will be submitted to the DGR and to the concerned Coal Subsidiary by the ESM Company.

(d) An ESM(O) who withdraws voluntarily from the scheme or is removed from the scheme in case of unwillingness to be sponsored as a director and has not been debarred from participating in the scheme by DGR could, in case he so desires, register himself in any other scheme of the DGR in case fulfilling the scheme criteria. His seniority in that scheme will count from the date of such new registration.

4. ESM Employees

(a) The ESM Company will employ a minimum of 75% of total regular employees as ESM or widows/dependants. 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 ESM Company.
- (ii) Office personnel and Supervisory staff.
- (iii) Tipper owners/owner drivers.
- (iv) Workshop staff, if workshop is established by Company.

(b) All the employees of ESM Company including non-ESM employees except the daily wagers of the ESM Company i.e. khalasi, pickers, loaders etc. should have Identity Card duly signed by one of the Directors of the ESM Company.

5. Financing & Share Holding.

(a) Each ESM Company will start with an authorized paid up capital of Rs 60 -80 lakhs with equal contribution by the Directors. This may be revised from time to time based upon economic factors. The contribution made by each of the Directors is through purchase of company shares which is a mandatory requirement for incorporation of the company and the sponsorship of the company to the Coal Subsidiary.

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

(c) The ESM Tipper Owner will provide the seed money for procurement of tipper. Two to three eligible ESM are permitted to join together to procure a tipper. While doing so the profit/loss will be shared depending upon the percentage of share put in by each to procure the tipper.

(d) The personnel as nominated by DGR to ESM Company against Tipper Attachment Scheme for widows/Disabled ESM will make one time contribution of Rs. One Lakh. The ESM Company will pay a fixed remuneration of Rs.3,000/- per month to the person attached with them under the scheme. The seed money of Rs. One lakh will be returned after a period of five years.

