NLC

CONCILIATION RULES
(Modified incorporating Amendment No.3 dt. 06.04.2017)
NLC CONCILIATION RULES

(Rules for Speedier, Cost – effective, Out-of-Court, Out-of-Arbitration, Disputes Settlement through Conciliation)

Whereas Part – III of the Indian Arbitration and Conciliation Act, 1996 makes elaborate provisions for Alternate Disputes Resolution through Conciliation, which is emerging as an effective Dispute Resolution Mechanism for Public Sector Units in India, NLC India Limited is focussed on Conciliation as a Dispute Resolution Mechanism and hereby frames the present Rules in conformity with Part – III of the Indian Arbitration and Conciliation Act, 1996 for speedier, cost effective and amicable settlement of disputes through Conciliation

1: SHORT TITLE
These Rules shall be called as the “NLC Conciliation Rules”.

2: DEFINITIONS
(a) NLC shall mean NLC India Limited (formerly Neyveli Lignite Corporation Limited), having its registered office at ‘Neyveli House’, 135, Periyar E.V.R. High Road, Kilpauk, Chennai- 600 010.
(b) “Party” means a party to a defined legal relationship, whether contractual or otherwise or a party to a conciliation proceedings under these Rules.
(c) “Panel of Conciliators” shall mean the list of eligible persons empanelled by NLC to act as Conciliators in Conciliation proceedings under these Rules.
(d) “Rules” shall mean NLC Conciliation Rules.
(e) “Settlement Advisory Committee” shall mean the Committee of Conciliator(s) appointed under these Rules.
(f) “Working Day” shall mean any of the six days between Monday to Saturday between 10.00 AM to 5.00 PM (Indian Standard Time), excluding Gazetted / Declared holidays and all emergency / unplanned holidays declared by the Govt. of India.
(g) “Hearing” shall mean the proceedings of Settlement Advisory Committee held on any Working Day.

3: APPLICATION OF RULES
(a) The NLC Conciliation Rules shall apply to any dispute of domestic or international in nature, involving NLC as a party, arising out of or relating to a contractual or defined legal relationship in the form of a contract or otherwise, where the parties seeking an amicable settlement of their disputes have agreed to apply NLC Conciliation Rules.
(b) Pendency of Arbitral or Judicial proceedings shall not constitute any bar on commencement of Conciliation proceedings under these Rules, even if the proceedings under these Rules are on the same subject matter / issue as the Arbitral or Judicial proceedings.
(c) These Rules shall not, however, apply to dispute(s) which, by virtue of any law for the time being in force in India, may not be submitted to Conciliation.
(d) These Rules shall be subordinate to and supplementary to Part – III of the Indian Arbitration and Conciliation Act, 1996 and the later would prevail over the former to the extent of inconsistency, if any.

(e) These Rules are broad standard Conciliation Rules for a flexible, systematic, expedient settlement of disputes and parties may mutually agree to make appropriate adjustments and such mutually agreed departures, deviations from any of these Rules shall not in any circumstance render a Conciliation proceedings or any Settlement Agreement reached pursuant thereto void Ab-initio.

(f) Subject to subsequent Agreement between / amongst the parties, Conciliation under these Rules may be invoked, even if Conciliation is not the prescribed as the Dispute Settlement Mechanism or these Rules are not the prescribed Conciliation Rules under the relevant Contract/Agreement or any form of defined legal relationship.

(g) Raising of any issue or point of dispute by any party – factual or otherwise – in writing or otherwise in any earlier communication (electronic or otherwise) between or amongst the parties (without resolution) shall not be considered ‘Conciliation’ or part thereof under these Rules, unless such Conciliation proceedings are formally invoked under these Rules.

4: PANEL OF CONCILIATORS

(a) For the purpose of appointing the Conciliators, Corporate Legal Department of NLC Limited shall maintain a Panel of Conciliators, consisting of persons of integrity and good public standings. The panel of Conciliators shall be prepared by a committee duly constituted and the same shall be approved by CMD.

(b) Conciliators in the panel of Conciliators shall be independent persons, who are not Employees / Retired Employees / Advisors of NLC Limited.

(c) Tenure of empanelled Conciliators shall normally be for a period of Two years from the date of empanelment and further extension of the panel of Conciliators shall be at the discretion of the Chairman-cum-Managing Director of NLC Ltd.

(d) The following persons shall be eligible for consideration for empanelment in NLC’s panel of Conciliators:

   i. The persons shall have a working experience of not less than 20 years

   and

   ii. The persons retired from a CPSE not below the rank of General Manager (in the Scale of E8 & above or equivalent cadre).

   (or)

   The persons retired from a Central Govt. Department or State Govt. Department not below the rank of Chief Engineer or Joint Secretary or Equivalent.

   (or)

   The persons empanelled themselves at present with ICA / FICCI / SCOPE/ ICADR as Conciliator or Arbitrator. Also, if the person, empanelled themselves at present with ICA / FICCI / SCOPE/ ICADR as Conciliator or Arbitrator, have got retired or have resigned from CPSE or a Central Govt. Department or State Govt. Department, they shall not have been below the rank of General Manager (in the Scale of E8 & above or equivalent cadre) in a CPSE or below the rank of Chief Engineer or Joint Secretary or Equivalent in a Central Govt. Department or State Govt. Department.
Chartered Accountants / Cost Accountants / Company Secretaries with at least five years experience in conduct of arbitration cases, law & procedure.

Judicial Officers / Senior legal / Commercial Executives in Government, Public Sector Undertakings with at least five years experience of legal, arbitration or commercial matters

Any other person(s), as necessitated for the specific case.

and

iii. The person should not be working in any of the Govt. Institution.

(e) Any person in the panel of Conciliators maintained by the Corporate Legal Department of NLC Limited shall not become entitled to any monetary benefit or remuneration / fees or other facility(ies) only by virtue of his/her name being in such a panel, except when he/she is actually appointed as a Conciliator for specific Conciliation proceedings under these Rules vis-à-vis any specific issues(s) or Disputes(s) referred for conciliation.

(f) The Chairman-cum-Managing Director of NLC Ltd, is empowered to add or delete any name from the list of panel of Conciliators.

(g) Even if a person completes his/her Tenure and cease to continue in the panel as conciliator, it shall not have the automatic effect of withdrawal of the said person from an ongoing Conciliation in relation to specific Disputes(s) referred for Conciliation, unless the parties thereto agree on such removal/ withdrawal.

(h) Disqualification of persons appointed as Conciliators:
The following persons shall be deemed to be disqualified for being empanelled as Conciliators:

(i) Any person who has been adjudged as insolvent or persons

(ii) Against whom criminal charges involving moral turpitude are framed by a criminal court and / or pending: or

(iii) Who have been convicted by a criminal court for any offence involving moral turpitude.

(iv) Any person against whom disciplinary proceedings have been initiated by the appropriate disciplinary authority which are pending or have resulted in the punishment.

(v) Any person who is interested or connected with the subject matter of dispute(s) or is related to any one of the parties or to those who represent them, unless such objection is waived by all the parties in writing. A member of a Settlement Advisory Committee before entering into a reference for conciliation shall give an undertaking in the manner prescribed in Schedule – A.

(vi) Any legal practitioner who has appeared or is appearing for any of the parties in any suit or in other proceeding(s).

5: CONCILIATORS – NUMBER & APPOINTMENT

(a) Number Of Conciliator(s):

(i) The Settlement Advisory Committee will consist of conciliator(s) from the Approved Panel maintained by NLC as follows:

For the sum of Provisional Claim & Provisional Counter Claim
- Upto Rs. 3.0 Crores: One Conciliator
- More than Rs. 3.0 Crores: Three Conciliators

(ii) The Provisional Claim / Counter claim amount shall be indicated by the respective parties while initiating / concurring for conciliation.

(iii) However, number of conciliators in the Settlement Advisory Committee will not be modified, even if the Sum of Actual Claim and Actual Counter Claim amount vary from the sum of Provisional Claim and Counter Claim amounts.

(iv) All such Conciliators will be from the Approved Panel maintained by NLC.

(b) Conciliator(s) will be appointed by CMD of NLC India Limited.

(c) Conciliator(s) shall not be Employees / Retired Employees / Advisors of NLC and other Party.

(d) A conciliator shall not be engaged in more than three cases of Arbitration and Conciliation of NLC and its Subsidiaries put together, concurrently.

(e) The Conciliator(s), as and when appointed by the parties for a specific Conciliation proceedings, shall constitute and function by the name and style of “Settlement Advisory Committee” in regard to the dispute(s) referred for Conciliation and shall conduct conciliation proceedings under these Rules.

(f) If a Conciliator withdraws himself or herself or is removed by the parties from a Conciliation proceedings on the ground of continued absence for at least three scheduled meetings/hearings or is otherwise unavailable for the Conciliation proceedings for no justifiable reason(s) or on the medical ground he/she is not able to attend the sittings at least three scheduled meetings/hearings, the parties may appoint another Conciliator in the same manner contemplated herein.

6: INITIATION OF CONCILIATION

(a) NLC or any party to a defined legal relationship with NLC – Contractual or otherwise, wishing to settle any issue with the other party(ies), shall serve the other party(ies) with at least a written Notice/Invitation for Initiation of Conciliation proceedings under these Rules, preferably after exhausting the normal official avenues of communication for resolving the issue proposed to be referred to conciliation.

(b) A written Notice/Invitation for initiation of Conciliation proceedings shall, inter-alia, contain the following details:
   i) Issue(s) in dispute – factual or otherwise
   ii) Identity of the party(ies) – Name, Official Address, Contact E-Mail Address, Telephone Number(s), Official Representative etc.
   iii) Consent of the party serving Notice of Conciliation under these Rules.
   iv) Any other terms and conditions for Conciliation, consistent with the Indian Arbitration and Conciliation Act, 1996.

(c) The party(ies), receiving Written Notice(s)/Invitation(s) for conciliation under Sub-Rule (a) shall, within 30 days for receipt of Written Notice/Invitation for Conciliation, intimate its/their consent for conciliation proceedings under these Rules and suggest the name(s) of Conciliator(s) from the panel of Conciliators maintained by NLC or such other Conciliator(s), as the said party(ies) may deem appropriate.

(d) If no Reply(ies) is/are received from the other party(ies), on whom written Notice(s) / Invitation(s) for Conciliation under Sub – Rule (a) has/have been served, within 30 days of Invitation or within such period prescribed in the written Notice / Invitation for
Conciliation, whichever is longer, the Invitation for Conciliation may be treated as ‘Rejected’.

(e) Conciliation proceedings under these Rules shall be deemed to commence on the day the party, receiving Invitation for Conciliation, intimates in writing its acceptance of such an invitation. For Conciliation proceedings with more than two parties, such proceedings shall be deemed to commence on the day the last intimation of acceptance of Invitation for Conciliation is received from a party.

(f) If the parties fail to agree for appointment of Conciliator(s) and constitution of Settlement Advisory Committee within 30 days of receipt of Reply(ies) from the other party(ies) under Sub-Rule (e) or such extended time-period, as agreed between/amongst the parties, which ever is longer, the efforts at dispute settlement through Conciliation shall be treated as ‘failed’.

7: CONCILIATION PROCEEDINGS
(a) A Settlement Advisory Committee within 10 working days of its constitution may request the parties to file a Written Statement(s), describing the general nature of the dispute(s). Any other document may also be filed, if a party so wishes.

(b) A Settlement Advisory Committee may also request the parties to submit further Written Statements of the concerned parties’ position and facts and grounds in support thereof, supplemented by any document(s) and other evidence that such a party deems appropriate. The parties may also be asked to furnish copies of relevant earlier communications exchanged amongst themselves, if any, on the issue of dispute.

(c) It shall be open to the parties to make any proposal or Alternative – proposal for amicable settlement of disputes. The Settlement Advisory Committee may not make any such proposal without consulting and hearing the parties.

(d) A Settlement Advisory Committee shall make best endeavour to settle the dispute(s) through proposals of the parties only, before making any proposal(s) itself first. Nevertheless, as and when it is deemed extremely important or on joint request of the parties, the Settlement Advisory Committee at any point of time during the Conciliation proceeding make any proposal – oral or otherwise.

(e) The first meeting of the parties shall be called by the Settlement Advisory Committee, after consulting the parties involved, at a convenient date and time, within 10 working days of receipt of documents mentioned in Sub – Rule 7(a).

(f) During the first meeting, a time frame within the ceiling prescribed and broad work schedule of Conciliation proceedings may be finalized after due consultation with and consent of the parties.

(g) The Settlement Advisory Committee shall be free to communicate in whatever manner it deems fit with any party to furnish any kind of information or document(s) relevant for the purpose of the Conciliation proceeding, but such a party would be at its liberty to decline such a request without disclosing the reason(s) thereof.

(h) The Settlement Advisory Committee shall, as much as possible, proceed with the conciliation proceeding on issue by issue basis, but after proper identification of relevant issues with the consent of the parties.

(i) The Settlement Advisory Committee, with the consent of the parties, may also call for material witness(es), only on exceptional cases, to assist the Committee in reaching an amicable solution of the dispute(s) referred.
Each party shall send a copy of its brief statement and every other document(s) to the other party(ies) before submitting to the Settlement Advisory Committee.

During the proceedings, the Settlement Advisory Committee shall encourage and persuade the parties to discuss amongst themselves for an amicable settlement of the dispute(s) referred.

The Settlement Advisory Committee may also provide opportunities for oral hearing and make suggestions – oral or in writing – at any stage of the Conciliation proceeding, as contemplated by Section 67 of the Indian Arbitration and Conciliation Act, 1996.

8 : REPRESENTATION, VENUE & OTHER BROAD PRINCIPLES.
(a) Advocates / Lawyers shall not be allowed to participate in Conciliation Proceedings under these Rules and parties shall plead their own cases.
(b) Parties shall, however, be free to appoint their duly authorized in-house Law Officers to argue their own cases.
(c) Notwithstanding the above, Parties shall be entitled to nominate their duly authorized officers to present their cases in the Conciliation Proceedings.
(d) Conciliation proceeding under these Rules may be held at the offices of NLC Limited at Neyveli / Barsingsar, or at such other places as the parties may mutually agree.
(e) Equal Opportunity shall be given to the parties to express their views before the Settlement Advisory Committee and the said Committee shall make utmost effort to ensure that the Conciliation proceedings are conducted in a friendly and conducive manner.
(f) Representation of the parties may be oral or in writing and unless otherwise decided by the parties, Minutes of the Meetings/hearings may be recorded briefly in broad general terms, without, however, recording adversarial submissions/developments, if any. Copies of such minutes of meetings, if recorded in writing, shall be sent to the parties within 3 working days of each such Meeting/Hearing.
(g) Best efforts shall be made to ensure that conciliation proceedings are conducted in a time-bound manner as follows, without, however, diluting procedural flexibility of such proceedings.
   i) Within 6 months from the date of first hearing and not more than 9 months, even if extended with the consent of the parties.

9: ROLE OF THE SETTLEMENT ADVISORY COMMITTEE
(a) The Settlement Advisory Committee shall (i) attempt to facilitate voluntary resolution of the dispute(s) by the parties, (ii) communicate the view of each party to the other(s), (iii) assist them in identifying issues, reducing misunderstandings, clarifying priorities, exploring areas of compromise and generating options in an attempt to solve the dispute(s), emphasizing that it is the responsibility of the parties to take decision which affect them; he/she/they shall not impose any terms of settlement on the parties.
(b) The Settlement Advisory Committee shall be guided by the principles of objectivity, fairness and justice and shall assist the parties in an independent, impartial and dignified manner to reach amicable settlement of dispute(s).
(c) The Settlement Advisory Committee shall conduct conciliation proceedings in conformity with Part – III of the Indian Arbitration and Conciliation Act, 1996 and these Rules to the optimum extent possible, but shall be flexible with appropriate adjustments, whenever required or whenever the parties make joint request.
(d) The broad approach of the Settlement Advisory Committee shall be speedy and efficient with an intent to reach an amicable settlement of disputes, however, without diluting the objectivity of approach, principles of Natural Justice and established principles of law.

(e) The Settlement Advisory Committee shall act more as facilitators, rather than as Judges/Umpires/Arbitrators and shall not impose any view on any of the parties involved.

**10: TIME FRAME**

(a) The Settlement Advisory Committee as Conciliator(s) shall attempt to dispose of the entire Conciliation proceeding within a time-frame of Six months from the date of first hearing, but the same may be extended in consultation and with the consent of the parties, but not beyond the Ninth month.

(b) Notwithstanding the above, a Settlement Agreement signed after the 9 months period stipulated above shall not become void or unenforceable merely because of such an Agreement having been signed after the stipulated Nine Months period.

**11: REMUNERATION & COST**

(a) Each Conciliator shall be paid as follows:

For claim value:
- Upto ₹ 10.0 Crores
  - Rs. 10,000/- **for each hearing** with a ceiling of ₹ 1.00 lakh for the whole case.

- Above ₹ 10.0 Crores
  - Rs. 20,000/- **for each hearing** with a ceiling of ₹ 2.00 lakh for the whole case.

(b) In addition to the above, Travel, Accommodation as applicable and Secretarial & other expenses in connection with the conciliation proceedings and the settlement agreement shall be paid.

(c) Subject to Sub-Rule(a & b), the cost of Conciliation including Conciliators’ Fees and other expenses incurred till the Settlement Agreement being reached, shall be equally borne by the Parties, unless the Settlement Advisory Committee with the consent of the Parties, provides for a different apportionment of cost with reasons thereof.

(d) The cost of Conciliation as determined by the Settlement Advisory Committee shall be paid by the Parties within 30 working days of signing the Settlement Agreement.

**RULE 12: DISCLOSURE OF INFORMATION**

When a Party to a Conciliation proceeding provides any information concerning any issue of dispute to the Settlement Advisory Committee, subject to a specific condition that such an information is to be treated as confidential, the Settlement Advisory Committee shall not disclose that information to the other Party(ies).

**RULE 13: CO-OPERATION OF PARTIES**

(a) The Parties shall in good faith co-operate with the Settlement Advisory Committee and, in particular, will endeavour to comply with any request of the Settlement Advisory Committee to submit written materials, provide evidence, give clarification, attend meetings/hearings etc.
Conciliation being an amicable Dispute Settlement Mechanism, the Parties shall not take adversarial roles, but instead make every possible effort to accommodate the other Party’s/Parties’ viewpoints, without, however, diluting the correct legal position.

The Parties shall make every possible effort to render optimum co-operation for a speedy, efficient and yet mutually acceptable & amicable resolution of disputes.

The Parties shall not in any manner make any attempt to unduly influence the Conciliation process or the Settlement Advisory Committee or the Conciliator(s) by way of inducement in any form or manner and shall conduct themselves with full dignity, honesty and integrity.

14. SETTLEMENT AGREEMENT

(a) After discussion with and hearing all the Parties involved, the Conciliator(s) shall formulate the draft terms of a possible settlement proposals and submit the same to the Parties for their consideration/ observations/ comments.

(b) On receipt of such draft settlement proposals from the Settlement Advisory Committee, the same shall be placed before NLC Board or to the Delegated Authority for consideration and Approval.

(c) Based on the approval of Board / the Delegated Authority, Settlement Agreement will be signed by both the parties.

(d) When a consensus can be arrived at only in regard to any one or some of the issues referred for conciliation, a settlement agreement may be signed in regard to the said Issue(s), which shall not be non-binding, only because the parties have failed to reach a similar Settlement in regard to the rest of the other issue(s) referred for Conciliation.

15: CONFIDENTIALITY & ADMISSIBILITY OF EVIDENCE

(a) The Settlement Advisory Committee and the parties shall keep confidential all information furnished, documents filed, evidence produced/ adduced during the course of Conciliation proceedings. Confidentiality must extend to the settlement agreement, except where its disclosure is necessary for purpose of implementation and enforcement.

(b) Confidentiality under this Rule shall extend to Proposals, Alternative proposals, Communications exchanged between/amongst the parties, Communications exchanged between any of the parties and the Settlement Advisory Committee or any of the Conciliators (in case of multi Conciliator Committee), Minutes of Meeting/Hearings, draft Settlement Agreement(s), Expert Opinions, Evidence of Witness etc.

(c) No part of any information furnished to the Settlement Advisory Committee, documents filed, evidence produced, communication exchanged, views expressed, suggestions/admissions made, the factum of expression of willingness to accept a proposal by any party during the course of the Conciliation proceedings shall be used as any form of evidence in any Arbitral or Judicial proceeding.

(d) The above provisions on Confidentiality and Admissibility of Evidence shall also extend to even Arbitral and Judicial proceedings relating to disputes, which are not the subject matters of the same Conciliation proceedings.

(e) No Conciliator shall be held liable for anything bonafide done or omitted to be done by him/her during the conciliation proceedings for civil or criminal action nor shall he/she be summoned by any party to any suit or proceedings to appear in a Court of law to testify in regard to information received by him/her or action by him/her or in respect of drafts or records prepared by him/her or shown to him/her during the conciliation proceedings.
16: ARBITRAL OR JUDICIAL PROCEEDINGS
(a) During the course of / pendency of Conciliation proceedings under these Rules, the parties shall not initiate or take any step to initiate any Arbitral or Judicial proceedings in respect of a dispute, which is a subject matter of the pending conciliation proceedings. Further, if the party has already availed the remedies provided in the contractual terms, the other party has no other option except to await the settlement reached in the conciliation proceedings.
(b) Subject to the above Sub-Rule (a), reference of any Dispute to Conciliation under these Rules shall be without any prejudice to any of the Rights and interest of the parties involved, more particularly the rights of the parties to resort to other Dispute Resolution mechanism such as Arbitration, Litigation etc. However, the same may be available after the conciliation proceeding is terminated or failed or rejected.

17: APPROVAL OF SETTLEMENT AGREEMENT
(a) Once the parties come to a consensus and the draft Settlement Proposals is prepared by the Settlement Advisory Committee the same shall be placed before the NLC Board or the delegated authority for consideration and approval.
(b) Approval of the draft settlement proposals is to be normally accorded within three months from the date of consensus given by the parties. On approval of the draft Settlement Proposals, the same will be executed by the authorised signatory of the parties to the dispute.
(c) The decision(s) of the Board / the delegated authority on any issue of conciliation including the position to be taken by NLC on any issue of fact or law involved, terms of conciliation and terms of Settlement Agreement shall be final in so far as NLC is concerned.

18: TERMINATION OF CONCILIATION PROCEEDINGS
(a) The Conciliation proceedings are terminated:
   i. By signing of the Settlement Agreement by the parties, on the date of the Agreement (or)
   ii. By a written declaration of the Settlement Advisory Committee, after consultation with the parties, to the effect that further efforts at Conciliation are no longer justified, on the date of the declaration (or)
   iii. By a written declaration of the parties addressed to the Settlement Advisory Committee to the effect that the conciliation proceedings are terminated, on the date of the declaration (or)
   iv. By written declaration of a party to the other party(ies) and the Settlement Advisory Committee, if appointed to the effect that the conciliation proceedings are terminated, on the date of the declaration.

RULE 19: MISCELLANEOUS
(a) None of the Conciliators shall act as a representative or counsel of the party in any arbitral or judicial proceeding in respect of any dispute including the subject of the conciliation proceeding. Similarly, none of the parties or their Authorized Representative(s) shall act as the Representative or Counsel of the Conciliator(s) in any Arbitral or Judicial proceeding of any kind.
(b) The parties shall not present a Conciliator as witness in any Alternate Dispute Resolution or Judicial proceedings.
(c) The official language of Conciliation proceeding under these Rules shall be English, unless the Parties agree on some other language.
SCHEDULE – A
DECLARATION OF ACCEPTANCE AND INDEPENDENCE BY MEMBER
(CONCILIATOR) OF THE SETTLEMENT ADVISORY COMMITTEE

I, the undersigned, do hereby agree to serve as a member of the Settlement Advisory Committee in the instant case and hereby make the following declarations:

1. I am familiar with requirements of law, particularly the Arbitration and Conciliation Act 1996 and NLC Conciliation Rules.

2. I am available to serve as a Member of the Settlement Advisory Committee and I am independent of any of the parties involved in the instant Conciliation proceeding and have no interest – financial or otherwise – in any part of the Contract under reference or subject matter of the Conciliation proceeding.

3. I have not dealt earlier with the contract under reference or the subject matter of the conciliation proceeding in any manner or capacity, which could compromise my ability/independence to impartially resolve the dispute(s).

4. I hereby declare that I will maintain absolute confidentiality of any information furnished, documents filed, evidence produced, communication exchanged, views expressed, suggestions/admissions made, the factum of expression of willingness to accept a proposal by any party during the course of the Conciliation proceedings to the Settlement Advisory Committee.

5. The fees and other facilities for conciliation offered to and accepted by me, will remain fixed and under no circumstances will there be any demand from me for any alteration/change therein.

(Signature)
Name:
Address:
Date: