

THE NEYVELI LIGNITE CORPORATION LIMITED (ACQUISITION  
AND TRANSFER OF POWER TRANSMISSION SYSTEM) ACT, 1994

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THE NEYVELI LIGNITE CORPORATION LIMITED (ACQUISITION  
AND TRANSFER OF POWER TRANSMISSION SYSTEM) ACT, 1994

ACT NO. 56 OF 1994

[14th September, 1994.]

An Act to provide in the public interest for the acquisition and transfer of the power transmission system of the Neyveli Lignite Corporation Limited and the right, title and interest of the company in the power transmission system to the Power Grid Corporation of India Limited, with a view to developing the National Power Grid to ensure transmission of power, within and across the different regions of India, on a more scientific, efficient and economic basis and for matters connected therewith or incidental thereto.

BE it enacted by Parliament in the Forty-fifth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

**1. Short title, extent and commencement.**—(1) This Act may be called the Neyveli Lignite Corporation Limited (Acquisition and Transfer of Power Transmission System) Act, 1994.

(2) It extends to the whole of India except the State of Jammu and Kashmir.

(3) The provisions of sections 8 to 11 and sections 13 to 16 shall come into force at once and the remaining provisions of this Act shall be deemed to have come into force on the 1st day of April, 1992 and any reference to the commencement of this Act in any provision of this Act shall be construed as a reference to the commencement of that provision.

**2. Definitions.**—In this Act, unless the context otherwise requires,—

(a) “appointed day” means the 1st day of April, 1992;

(b) “associated personnel” means the employees of the company associated with its power transmission system;

(c) “company” means the Neyveli Lignite Corporation Limited, a company incorporated and registered under the Companies Act, 1956 (1 of 1956) having its registered office at Neyveli-607801, South Arcot District, Tamil Nadu;

(d) “Corporation” means the Power Grid Corporation of India Limited, being a company within the meaning of the Companies Act, 1956 (1 of 1956) and having its registered office at Hemkunt Chambers, 89, Nehru Place, New Delhi-110019;

(e) “notification” means a notification published in the Official Gazette;

(f) “power transmission system”, in relation to the company, means the main transmission lines [including extra high voltage alternative current (EHVAC) lines and high voltage direct current (HVDC) lines] and sub-stations owned by the company;

(g) “prescribed” means prescribed by rules made under this Act;

(h) words and expressions used herein and not defined but defined in the Electricity (Supply) Act, 1948 (54 of 1948) or, as the case may be, the Companies Act, 1956 (1 of 1956) shall have the meanings respectively, assigned to them in those Acts.

## CHAPTER II

### ACQUISITION AND TRANSFER OF POWER TRANSMISSION SYSTEM

**3. Acquisition of rights of company in relation to the power transmission system.**—(1) On the appointed day, the power transmission system and the right, title and interest of the company in relation to its power transmission system shall, by virtue of this Act, be deemed to have been transferred to, and vested in, the Central Government.

(2) The power transmission system vested in the Central Government by virtue of sub-section (1) shall, immediately after it had so vested, be deemed to have been transferred to, and vested in, the Corporation.

**4. General effect of vesting.**—(1) The power transmission system shall be deemed to include all assets, rights, leaseholds, powers, authorities and privileges and all property, movable and immovable, relating to such system including lands, buildings, workshops, projects (whether complete or at any stage of completion or planning), stores, spares, instruments, machinery and equipment, construction equipment, unutilised long-term and short-term loans and all other rights and interests in, or arising out of, such property as were, immediately before the appointed day, in the ownership, possession, power or control of the company and all books of account, registers and all other documents of whatever nature relating thereto but shall be deemed not to include—

(a) book debts due to the company, immediately before the appointed day;

(b) cash balances and bank balances as on the appointed day;

(c) income and expenditure on revenue account relating to any period before the appointed day.

*Explanation.*—For the removal of doubts, it is hereby declared that rights in relation to the power transmission system of the company which have been transferred to, and vested in, the Corporation under sub-section (2) of section 3 and this sub-section shall include the right to collect transmission charges for transmission of power and any monies collected on or after the appointed day by the company as transmission charges (whether shown separately or not) shall be payable by the company to the Corporation.

(2) Unless otherwise expressly provided by this Act, all deeds, bonds, guarantees (other than guarantees given by the Government of India), agreements, powers of attorney, grants of legal representation and other instruments of whatever nature in relation to the power transmission system of the company, subsisting or having effect immediately before the appointed day, and to which the company is a party or which are in favour of the said company shall be of as full force and effect against or in favour of the Corporation and may be enforced or acted upon as fully and effectually as if in the place of the company, the Corporation had been a party thereto or as if they had been issued in favour of the Corporation.

(3) If, on the date of commencement of this Act, any suit, appeal or other proceeding of whatever nature, in relation to any property or assets which have been transferred to, and vested in, the Corporation under sub-section (2) of section 3, instituted or preferred by or against the company was pending, the same shall not abate, be discontinued or be, in any way, prejudicially affected by reason of the transfer of the power transmission system of the company or of anything contained in this Act, but the suit, appeal or other proceeding may be continued, prosecuted or enforced, subject to the provisions of sub-section (1) of section 5, by or against the Corporation.

**5. Corporation to be liable for certain prior liabilities.**—(1) Subject to the provisions of sub-section (2), every liability of the company in relation to its power transmission system, in respect of any period prior to the appointed day, which has been transferred to, and vested in, the Corporation under sub-section (2) of section 3, shall be the liability of the Corporation and shall be enforceable against the Corporation and not against the company:

Provided that nothing contained in this sub-section shall apply to—

(a) the income and expenditure on revenue account relating to any period before the appointed day and received or, as the case may be, incurred by the company on or after the appointed day;

(b) arrears of depreciation, regarding contingent liabilities on capital account relating to any period before the appointed day, arising on account of the decision of any court, tribunal or other authority.

(2) Where any repayment of a loan or interest, or both, has been made, on or after the appointed day, by the company to any lending agency, such repayment shall be deemed to have been made by the Corporation and the amount of such repayment shall be reimbursed by the Corporation to the company on adjustment of transmission charges or any other amount due to the Corporation from the company.

**6. Corporation to be lessee or tenant.**—(1) Where any property is held by the company in relation to its power transmission system under any lease or right of tenancy, the Corporation shall, on and from the appointed day, be deemed to have become the lessee or tenant, as the case may be, in respect of such property as if the lease or tenancy in relation to such property had been granted to the Corporation and thereupon all the rights under such lease or tenancy shall be deemed to have been transferred to, and vested in, the Corporation.

(2) On the expiry of the term of any lease or tenancy referred to in sub-section (1), such lease or tenancy shall, if so desired by the Corporation, be renewed on the same terms and conditions on which the lease or tenancy was held by the company immediately before the appointed day.

**7. Removal of doubts.**—(1) For the removal of doubts, it is hereby declared that the provisions of sections 3,4,5 and 6 shall apply to the extent to which any property appertains to the business relating to the power transmission system carried on by the company and to the rights and powers acquired, and to debts, liabilities and obligations incurred, and to contracts, agreements, and other instruments made by the company and to legal proceedings relating to those matters pending in any court, tribunal or other authority in India.

(2) If any question arises as to whether any property appertained, on the appointed day, to any business of the company in relation to its power transmission system, or whether any rights, powers, debts, liabilities or obligations were acquired or incurred or any contract, agreement or other instrument was made by the company for the purposes of its said business, or whether any document relates to those purposes, the question shall be referred to the Central Government which shall, after giving a reasonable opportunity of being heard to the persons interested in the matter, decide it in such manner as it may think fit.

**8. Payment of amount.**—(1) For the transfer to, and vesting in, the Central Government under sections 3 and 4 of the power transmission system and the right, title and interest of the company in relation to its power transmission system there shall be paid, in the prescribed manner, by the Central Government to the company such amount as is equal to the book value of all the assets and properties after deduction of liabilities (other than contingent liabilities) given in the audited statement of accounts of the company as on the 31st day of March, 1992.

(2) For the transfer to, and vesting in, the Corporation under sub-section (2) of section 3 of the power transmission system and the right, title and interest of the company in relation to its power transmission system, there shall be paid, in the prescribed manner, by the Corporation to the Central Government, the amount which is paid by that Government to the company under sub-section (1).

(3) In case of any dispute relating to the nature of any asset, property or liability or the amount payable under sub-section (1), the dispute shall be referred by the Central Government to such authority as it may appoint and the decision of that authority in the matter shall be final.

## CHAPTER III

### DELIVERY OF ASSETS, ETC., TO THE CORPORATION

**9. Duty of persons to account for assets, etc., in their possession.**—(1) Any person who has, on the date of commencement of this Act, in his possession or under his control, any assets, books and any other documents relating to the power transmission system which has been transferred to, and vested in, the Corporation under sub-section (2) of section 3, shall be liable to account for the said assets, books and documents to the Corporation and shall deliver them up to the Corporation or to such person or persons as the Corporation may specify in this behalf.

(2) The Corporation may take or cause to be taken all necessary steps for securing possession of the power transmission system which has been transferred to, and vested in, the Corporation under this Act.

(3) The company shall, within such period as the Corporation may allow in this behalf, furnish to the Corporation a complete inventory of all its property and assets as on the appointed day pertained to its power transmission system which has been transferred to, and vested in, the Corporation under sub-section (2) of section 3.

## CHAPTER IV

### PROVISIONS RELATING TO ASSOCIATED PERSONNEL

**10. Continuance of associated personnel.**—(1) On the vesting of the power transmission system of the company in the Corporation, the associated personnel who have been, immediately on or before the 1st day of December, 1992, employed in the company and have not already become employees of the Corporation shall become, on and from the date of commencement of this Act, employees of the Corporation and shall hold office or service under the Corporation on the terms and conditions which are not in any way less favourable than those which would have been admissible to them if there had been no such vesting and shall continue to do so unless and until their employment under the Corporation is duly terminated or until their remuneration and other conditions of service are duly altered by the Corporation.

(2) Notwithstanding anything contained in the Industrial Disputes Act, 1947 (14 of 1947), or any other law for the time being in force, the transfer of the services of the associated personnel to the Corporation, shall not entitle such personnel to any compensation under this Act or any other law for the time being in force and no such claim shall be entertained by any court, tribunal or other authority.

**11. Provident fund and other funds.**—(1) Where the company has established a provident fund or any other fund for the benefit of the persons employed by it, the monies relatable to the associated personnel who have already become employees of the Corporation or whose services have become transferred under this Act to the Corporation shall, out of the monies standing, on the date of transfer of the associated personnel, to the credit of such provident fund or other fund, stand transferred to, and vest in, the Corporation.

(2) The monies which stand transferred under sub-section (1) to the Corporation shall be dealt with by the Corporation in such manner as may be prescribed.

## CHAPTER V

### MISCELLANEOUS

**12. Act to have overriding effect.**—The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force or in any instrument having effect by virtue of any law, other than this Act, or in any decree or order of any court, tribunal or other authority.

**13. Penalties.**—Any person who,—

(a) having in his possession, custody or control any property forming part of the power transmission system of the company wrongfully withholds such property from the Corporation; or

(b) wrongfully obtains possession of, or retains, any property forming part of the power transmission system of the company; or

(c) wilfully withholds or fails to furnish to the Corporation or any person or body of persons specified by the Corporation, any document or inventory relating to the power transmission system of the company, which may be in his possession, custody or control; or

(d) fails to deliver to the Corporation or any person or body of persons specified by that Corporation, any assets, books of account, registers or other documents in his possession, custody or control relating to the power transmission system of the company,

shall be punishable with imprisonment for a term which may extend to two years and also with fine which may extend to ten thousand rupees.

**14. Offences by companies.**—(1) Where an offence punishable under this Act has been committed by a company, every person who, at the time the offence was committed, was in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment, if he proves that the offence was committed without his knowledge and that he had exercised all due diligence to prevent the commission of such offence.

(2) Notwithstanding anything contained in sub-section (1), where any offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

*Explanation.*—For the purposes of this section,—

(a) “company” means anybody corporate and includes a firm or other association of individuals; and

(b) “director”, in relation to a firm, means a partner in the firm.

**15. Protection of action taken in good faith.**—No suit, prosecution or other legal proceeding shall lie against the Central Government or the Corporation or the company or any officer of that Government, Corporation or company or any other person authorised by that Government, Corporation or company for anything which is in good faith done or intended to be done under this Act.

**16. Power to make rules.**—(1) The Central Government may, by notification, make rules for carrying out the provisions of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(a) the manner in which the amount is to be paid under sub-section(1) or sub-section (2) of section 8;

(b) the manner in which the monies in any provident fund or other fund, referred to in sub-section (2) of section 11, shall be dealt with;

(c) any other matter which is required to be, or may be, prescribed.

(3) Every rule made by the Central Government under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.