

# THE ROAD TRANSPORT CORPORATIONS ACT, 1950

## INTRODUCTION

To enable the Provincial Governments to establish Road Transport Corporations, the Road Transport Corporation Act, 1948 (XXXII of 1948) was enacted. This Act was found defective as some of provisions were *ultra vires* of the Government of India Act, 1935. Under the Government of India Act, 1935, the power to legislate in respect of trade and commerce was given to the provincial Legislatures and the power to legislate for the incorporation of trading corporations was given to the Central Legislature. The creation of statutory transport corporations had been held as amounting to incorporation of trading corporations and as such *ultra vires* of the Provincial Legislature. In order to remove the above mentioned legal flaws, it was proposed to replace the existing Act, by a comprehensive Act, enabling Provincial Governments to set up transport corporations. Accordingly the Road Transport Corporations Bill was introduced in the Parliament.

## STATEMENT OF OBJECTS AND REASONS

The Road Transport Corporation Act, 1948 (XXXII of 1948), was enacted with a view to enable the Provincial Governments, who may so desire, to establish Road Transport Corporations. This Act has been found defective because the provisions of sections 3(2), 4 and 5 of the Act, insofar as they require certain provisions to be made by a Provincial law, are *ultra vires* of the Government of India Act, 1935, as adapted. Under the latter Act, the power to legislate in respect of trade and commerce is given to the Provincial Legislatures and the power to legislate for the incorporation of trading corporations is given to the Central Legislature. The creation of statutory transport corporations has been held as amounting to incorporation of trading corporations and as such, *ultra vires* of the Provincial Legislature. In order to remove the above mentioned legal flaw, it is proposed to replace the existing Act, by a comprehensive Act, enabling such of the Provincial Governments, who may so desire, to set up transport corporations, with the object of providing efficient, adequate, economical and property co-ordinated system of road transport services.

## ACT 64 OF 1950

The Road Transport Corporations Bill having been passed by both the Houses of Parliament received the assent of the President on 4th December, 1950. It came on the Statute Book as THE ROAD TRANSPORT CORPORATIONS ACT, 1950 (64 of 1950).

## LIST OF AMENDING ACTS AND ADAPTATION ORDER

1. The Road Transport Corporations (Amendment) Act, 1956 (87 of 1956).
2. The Adaptation of Laws (No. 3) Order, 1956.
3. The Repealing and Amending Act, 1957 (36 of 1957).
4. The Road Transport Corporations (Amendment) Act, 1959 (28 of 1959).
5. The Bombay Reorganisation Act, 1960 (11 of 1960).
6. The Central Laws (Extension to Jammu and Kashmir) Act, 1968 (25 of 1968).
7. The Delhi Road Transport Laws (Amendment) Act, 1971 (71 of 1971).
8. The North-Eastern Areas (Reorganisation) Act, 1971 (81 of 1971).
9. The Road Transport Corporations (Amendment) Act, 1982 (63 of 1982).
10. The Delegated Legislation Provisions (Amendment) Act, 2004 (4 of 2005).

# THE ROAD TRANSPORT CORPORATIONS ACT, 1950<sup>1</sup>

(64 of 1950)

[4th December, 1950]

*An Act to provide for the incorporation and regulation of Road Transport Corporations.*

BE it enacted by Parliament as follows:—

## CHAPTER I PRELIMINARY

**1. Short title, extent and commencement.**—(1) This Act may be called the Road Transport Corporations Act, 1950.

(2) It extends to the whole of India <sup>2</sup>[\*\*\*] <sup>3</sup>[\*\*\*]:

<sup>4</sup>[Provided that on and from the commencement of the Delhi Road Transport Laws (Amendment) Act, 1971, this Act, as amended by the said Act, shall extend to, and be in force in the Union territory of Delhi:]

<sup>5</sup>[Provided further that on and from the commencement of the Road Transport Corporations (Amendment) Act, 1982, this Act as amended by the said Act, shall extend to the Union territory of Mizoram.]

(3) It shall come into force in a State on such date<sup>6</sup> as the Central Government may, by notification in the Official Gazette, appoint in this behalf for such State and different dates may be appointed for different States.

1. The Act has been extended to Pondicherry by the Pondicherry (Extension of Laws) Act, 1968 (26 of 1968), sec. 3 and Sch.
2. The words "the State of Jammu and Kashmir and" omitted by Act (25 of 1968), sec. 2 and Sch. (w.e.f. 15-8-1968).
3. The words "except the Union territory of Delhi" omitted by Act 71 of 1971, sec. 2 (w.r.e.f. 3-11-1971).
4. Ins. by Act 71 of 1971, sec. 2 (w.r.e.f. 3-11-1971).
5. Ins. by Act 63 of 1982, sec. 2 (w.e.f. 13-11-1982).
6. The Act has been brought into force in the States mentioned in column 1 of the table below with effect from the date noted against them:—

State or Union Territory	Date of commencement	Notification No.	Where published
1	2	3	4
Andhra	01-12-1957	S.R.O. 3813	Gazette of India, 1957, Pt. II Sec. 3, p. 2776
Assam	10-03-1970	S.O. 968	Gazette of India, 1970, Pt. II Sec. 3 (ii), p. 1311
Bihar	01-09-1952	S.R.O. 1526	Gazette of India, 1952, Pt. II Sec. 3, p. 1386
Bombay (Gujarat and Maharashtra)	06-12-1950	S.R.O. 1061	Gazette of India, 1950, Pt. II Sec. 3, p. 1089
Delhi	03-11-1971	S.O. 5081	Gazette of India, Extra., 1971, Pt. II, Sec. 3 (i), p. 3057
Himachal Pradesh	28-03-1958	S.O. 372A	Gazette of India, Extra., 1958, Pt. II, Sec. 3, p. 421
Jammu and Kashmir	01-04-1976	S.O. 263 (E)	Gazette of India, 1976, Pt. II, Sec. 3. 3 (i) p. 719
Kerala	01-01-1965	S.O. 38	Gazette of India, 1965, Pt. II Sec. 3 (iii), p. 20
Madhya Pradesh	01-04-1961	S.O. 524	Gazette of India, 1961, Pt. II Sec. 3 (ii), p. 583
Mysore	01-08-1958	S.R.O. 1410	Gazette of India, 1958, Pt. II Sec. 3 (iii), p. 1229
Orissa	01-06-1956	S.R.O. 1204	Gazette of India, 1956, Pt. II Sec. 3, p. 794
Punjab (Haryana and Chandigarh)	10-08-1954	S.R.O. 2629	Gazette of India, 1954, Pt. II Sec. 3, p. 1959
Rajasthan	05-09-1964	S.O. 3049,	Gazette of India, 1964, Pt. II Sec. 3, p. 3417
Tripura	01-03-1961	S.O. 491,	Gazette of India, 1961, Pt. II Sec. 3 (ii), p. 567
Uttar Pradesh	01-04-1972	S.O. 1074	Gazette of India, 1972, Pt. II, Sec. 3 (ii), p. 1698
Uttaranchal	01-10-2002	S.O. 998 (E)	Gazette of India, 2002, Pt. II, Sec. 3 (ii), p.1
West Bengal	02-03-1953	S.R.O. 375	Gazette of India, 1953, Pt. II Sec. 3, p. 249

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

- (a) “ancillary service” means any subsidiary service which provides amenities or facilities to persons making use of any road transport service of a Corporation;
- <sup>1</sup>[(aa) “Board” means the Board of Directors of a Corporation;]
- (b) “Corporation” means a Road Transport Corporation established under section 3;
- <sup>1</sup>[(bb) “Director” means a member of the Board;]
- (c) “extended area” means any area or route to which the operation of any road transport service of a Corporation has been extended in the manner provided in section 20;
- (d) “prescribed” means prescribed by rules made under this Act;
- (e) “road transport service” means a service carrying passengers or goods or both by road in vehicles for hire or reward;
- (f) “vehicle” means any mechanically propelled vehicles, used or capable of being used for the purpose of road transport, and includes a tram-car, a trolley-vehicle and a trailer;
- (g) words and expressions used but not defined in this Act and defined in the Motor Vehicles Act, 1939 (4 of 1939), have the meaning assigned to them in that Act.

<sup>2</sup>[\*\*\*]

## CHAPTER II

### ROAD TRANSPORT CORPORATIONS

**3. Establishment of Road Transport Corporations in the States.**—The State Government, having regard to—

- (a) the advantages offered to the public, trade and industry by the development of road transport;
- (b) the desirability of co-ordinating any form of road transport with any other form of transport;
- (c) the desirability of extending and improving the facilities for road transport in any area and of providing an efficient and economical system of road transport service therein,

may, by notification in the Official Gazette, establish a Road Transport Corporation for the whole or any part of the State under such name as may be specified in the notification.

1. Ins. by Act 63 of 1982, sec. 16 and Sch. (w.e.f. 13-11-1982).

2. Clause (h) omitted by the Adaptation of Laws (No. 3) Order, 1956.

### COMMENTS

Under section 3, while establishing a road transport corporation, the State Government is obliged to keep in mind primarily the public interest as provided for in clauses (a) to (c) thereof; *State of Karnataka v. Ranganatha Reddy*, AIR 1978 SC 215.

**4. Incorporation.**—Every Corporation shall be a body corporate by the name notified under section 3 having perpetual succession and a common seal, and shall by the said name sue and be sued.

**[5. Management of Corporation and Board of Directors.**—(1) The general superintendence, direction and management of the affairs and business of a Corporation shall vest in a Board of Directors which, with the assistance of its committees and Managing Director, may exercise all such powers and do all such acts and things as may be exercised or done by the Corporation.

(2) The Board shall consist of a Chairman and such other Directors, being not less than five and not more than seventeen, as the State Government may think fit to appoint.

(3) The State Government may, if it so thinks fit appoint one of the other Directors as the Vice-Chairman of the Board.

(4) Rules made under this Act shall provide for the representation, both of the Central Government and of the State Government concerned, on the Board in such proportion as may be agreed to by both the Government and of appointment by each Government of its own representatives thereto and where the capital of a Corporation is raised by the issue of shares to other parties under sub-section (3) of section 23, provision shall also be made for the representation of such shareholders on the Board and the manner in which the representatives shall be elected by such shareholders.

(5) The term of office and the manner of filling casual vacancies among the Directors shall be such as may be prescribed.]

### COMMENTS

(i) The Transport Commissioner as a Director is a member of the Corporation and is connected with the general superintendence, direction and management of the affairs and the business of the Corporation which also necessarily includes operation of a transport undertaking; *K.R. Bhaskarnanda v. State of Karnataka*, AIR 1990 Kant 182.

(ii) Undisputedly, the appointment and the term of office of the Chairman are within the ambit of the rules framed under the Act. The Act has not put any fetter on framing of rules relating to term of office of the Chairman nor does the Act provide any condition for such rules. Thus, the Act does not provide any limitation as to the period for the term of office of the Chairman; *Binoy Kumar Mohanty v. State of Orissa*, AIR 1981 Ori 13.

**6. Disqualification for being chosen as, or being, a <sup>2</sup>[Director of a Corporation].**—<sup>3</sup>[(1)] A person shall be disqualified for being chosen as, or for being, a <sup>2</sup>[Director of a Corporation]—

1. Subs. by Act 63 of 1982, sec. 3, for section 5 (w.e.f. 13-11-1982).

2. Subs. by Act 63 of 1982, sec. 4, for the words "member of a Corporation" (w.e.f. 13-11-1982).

3. Section 6 renumbered as sub-section (1) thereof by Act 28 of 1959, sec. 2 (w.e.f. 1-9-1959).

- (a) if he is found to be a lunatic or a person of unsound mind; or
- (b) if he has been adjudged insolvent; or
- (c) if he has been convicted of an offence involving moral turpitude; or
- (d) if he has, directly or indirectly, any interest in any subsisting contract made with, or in any work being done, for, the Corporation except as a shareholder (other than a director) in an incorporated company, provided that where he is a shareholder he shall disclose to the State Government the nature and extent of shares held by him in such company; or
- (e) if he has any financial interest in any other road transport undertaking.

<sup>1</sup>[(2) Nothing in clause (d) of sub-section (1) shall be deemed to disqualify the <sup>2</sup>[Managing Director] of a Corporation for being chosen as, or for being, a <sup>3</sup>[Director] thereof.

<sup>4</sup>[(3) Nothing in clause (e) of sub-section (1) shall be deemed to disqualify,—

- (a) any officer or other employee of the Government for being chosen as, or for being, a Director of a Corporation;
- (b) any officer or other employee of a Corporation for being chosen as, or for being, a Director of another Corporation.]

**7. Resignation of office by the Chairman or a <sup>5</sup>[Director].—**The Chairman or any other <sup>5</sup>[Director] of a Corporation may resign his office by giving notice in writing to the State Government and, on such resignation being accepted by that Government, shall be deemed to have vacated his office.

**8. Removal of Chairman and <sup>6</sup>[Directors] from office.—**<sup>7</sup>[(1)] The State Government may remove from office the Chairman or any other <sup>6</sup>[Director] of the Corporation who—

- (a) is or becomes subject to any of the disqualifications mentioned in section 6; or
- (b) without excuse sufficient in the opinion of the State Government, is absent from more than four consecutive meetings of the <sup>8</sup>[Board]:

Provided that no <sup>9</sup>[Director appointed] by the Central Government shall be removed from office without the concurrence of that Government.

<sup>10</sup>[(2) The State Government may terminate the appointment of any Director after giving him notice for such period (being not less than one month) as may be prescribed:

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1. Ins. by Act 28 of 1959, sec. 2 (w.e.f. 1-9-1959).
  2. Subs. by Act 63 of 1982, sec. 4, for "Chief Executive Officer or General Manager" (w.e.f. 13-11-1982).
  3. Subs. by Act 63 of 1982, sec. 4, for "member" (w.e.f. 13-11-1982).
  4. Ins. by Act 63 of 1982, sec. 4 (w.e.f. 13-11-1982).
  5. Subs. by Act 63 of 1982, sec. 16 and Sch., for "member" (w.e.f. 13-11-1982).
  6. Subs. by Act 63 of 1982, sec. 5, for "members" and "member" respectively (w.e.f. 13-11-1982).
  7. Section 8 renumbered as sub-section (1) thereof by Act 63 of 1982, sec. 5 (w.e.f. 13-11-1982).
  8. Subs. by Act 63 of 1982, sec. 5, for "Corporation" (w.e.f. 13-11-1982).
  9. Subs. by Act 63 of 1982, sec. 5, for "member nominated" (w.e.f. 13-11-1982).
  10. Ins. by Act 63 of 1982, sec. 5 (w.e.f. 13-11-1982).

Provided that the appointment of a Director appointed by the Central Government shall not be terminated under this sub-section without the concurrence of that Government.]

#### COMMENTS

Prior to the insertion of sub-section (2) of section 8 the State Government could not have removed any member appointed by it simply because it was the appointing authority unless the removal was necessitated because of any of the two contingencies specified in the old section 8; *Ramesh Bhauraoji Girde v. State of Maharashtra*, AIR 1984 Bom 200.

**9. Vacancies amongst members or defect in the constitution not to invalidate acts or proceedings of a <sup>1</sup>[Corporation or its Board].—**No act or proceeding of a <sup>1</sup>[Corporation or its Board] shall be invalid by reason only of the existence of any vacancy<sup>2</sup>[in its Board] or any defect in the constitution thereof.

**10. Temporary association of persons with a <sup>1</sup>[Board] for particular purposes.—**(1) A <sup>1</sup>[Board] may associate with itself for any particular purpose in such manner as may be determined by regulations made under this Act any person whose assistance or advice it may desire.

(2) A person associated with it by the <sup>1</sup>[Board] under sub-section (1) for any purpose shall have a right to take part in the discussions of the <sup>1</sup>[Board] relevant to that purpose, but shall not have a right to vote at a meeting of the <sup>1</sup>[Board].

**11. Meetings of <sup>1</sup>[Board].—**(1) A <sup>1</sup>[Board] shall meet at such times and places and shall, subject to the provisions of sub-sections (2) and (3) observe such rules of procedure in regard to transaction of business at its meetings as may be provided by regulations made under this Act:

Provided that the <sup>1</sup>[Board] shall meet at least once in every three months.

(2) The person to preside at a meeting of a <sup>1</sup>[Board] shall be the Chairman thereof, or in his absence from any meeting, the Vice-Chairman if any, or in the absence of both the Chairman and the Vice-Chairman, <sup>3</sup>[such Director as may be chosen by the Directors present] from among themselves to preside.

(3) All questions at a meeting of a <sup>1</sup>[Board] shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman or, in his absence, any other person presiding shall have a second or casting vote.

**12. Power to appoint committees and delegate functions.—**<sup>4</sup>[(1)] A <sup>5</sup>[Board] may, from time to time, by resolution passed at a meeting—

- (a) appoint committees <sup>6</sup>[consisting of Directors] for performing such function as may be specified in the resolution;

1. Subs. by Act 63 of 1982, sec. 16 and Sch., for "Corporation" (w.e.f. 13-11-1982).  
2. Subs. by Act 63 of 1982, sec. 16 and Sch., for "amongst its members" (w.e.f. 13-11-1982).  
3. Subs. by Act 63 of 1982, sec. 16 and Sch., for "such member as may be chosen by the members present" (w.e.f. 13-11-1982).  
4. Section 12 renumbered as sub-section (1) thereof by Act 63 of 1982, sec. 6 (w.e.f. 13-11-1982).  
5. Subs. by Act 63 of 1982, sec. 6, for "Corporation" (w.e.f. 13-11-1982).  
6. Subs. by Act 63 of 1982, sec. 6, for "of its members" (w.e.f. 13-11-1982).

- (b) delegate to any such committee or to the Chairman or Vice-Chairman, subject to such conditions and limitations, if any, as may be specified in the resolution, such of its powers and duties as it may think fit;
- (c) authorise the <sup>1</sup>[Managing Director] <sup>2</sup>[or any other officer of the Corporation], subject to such conditions and limitations, if any, as may be specified in the resolution to exercise such powers and perform such duties as it may deem necessary for the efficient day to day administration of its business.

<sup>3</sup>[(2) The Chairman, Vice-Chairman or Managing Director may delegate any of his powers and duties [including powers and duties delegated to him under sub-section (1)] to any officer of the Corporation, and the officer to whom such powers and duties are delegated, shall exercise and perform such powers and duties under the control and supervision of the Managing Director.]

<sup>4</sup>[13. Authentication of orders and other instruments.—All orders and decisions of the board shall be authenticated by the signature of the Secretary or by any such other officer of the Corporation as may be authorised in this behalf by the Board or under the regulations made under section 45 and all other instruments issued by a Board shall be authenticated by the signature of the Managing Director or any other officer of the Corporation authorised in like manner in this behalf.]

**14. Officers and servants of the Corporation.**—<sup>5</sup>[(1) Every Corporation shall have a Managing Director, a Chief Accounts Officer and a Financial Adviser, appointed by the State Government:

Provided that the same person may be appointed as the Chief Accounts Officer and the Financial Adviser.]

(2) A Corporation may appoint <sup>6</sup>[a Secretary and such other officers and employees] as it considers necessary for the efficient performance of its functions.

<sup>7</sup>[(3) The conditions of appointment and service and the scales of pay of the officers and employees of a Corporation shall—

- (a) as respects the Managing Director, the Chief Accounts Officer and the Financial Adviser, or, as the case may be, the Chief Accounts Officer-cum-Financial Adviser, be such, as may be prescribed, and
- (b) as respects the other officers and employees, be such, as may, subject to the provisions of section 34, be determined by regulations made under this Act.]

**<sup>8</sup>[15. Managing Director, Chief Accounts Officer and Financial Adviser.—**(1) The Managing Director shall be the executive head of the Corporation and all other officers and employees of the Corporation shall be subordinate to him.

1. Subs. by Act 63 of 1982, sec. 6, for "Chief Executive Officer or General Manager" (w.e.f. 13-11-1982).

2. Ins. by Act 28 of 1959, sec. 3 (w.e.f. 1-9-1959).

3. Ins. by Act 63 of 1982, sec. 6 (w.e.f. 13-11-1982).

4. Subs. by Act 63 of 1982, sec. 7, for section 13 (w.e.f. 13-11-1982).

5. Subs. by Act 63 of 1982, sec. 8, for sub-section (1) (w.e.f. 13-11-1982).

6. Subs. by Act 63 of 1982, sec. 8, for "such other officers and servants" (w.e.f. 13-11-1982).

7. Subs. by Act 63 of 1982, sec. 8, for sub-section (3) (w.e.f. 13-11-1982).

8. Subs. by Act 63 of 1982, sec. 9, for section 15 (w.e.f. 13-11-1982).

(2) The Managing Director shall obtain the views of the Chief Accounts Officer and the Financial Adviser or, as the case may be, the Chief Accounts Officer-cum-Financial Adviser, on every proposal involving revenues, or expenditure from the fund, of the Corporation and shall cause such views to be placed before the Board prior to the consideration of such proposal by the Board.]

**16. General disqualification of all officers and servants.**—No person who has directly or indirectly, by himself or his partner or agent, any share or interest in any contract, by or on behalf of a Corporation, or in any other road transport undertaking shall become or remain an [officer or other employee] of the Corporation.

**17. Appointment of Advisory Council.**—The State Government may, after ascertaining the views of the Corporation, by notification in the Official Gazette, constitute one or more Advisory Councils consisting of such number of persons, on such terms, and for the purpose of advising the Corporation on such matters, as may be specified in that notification.

## [CHAPTER IIA

### SUBSIDIARY CORPORATIONS

**17A. Establishment of subsidiary corporation.**—(1) Where a Corporation (hereafter in this section referred to as the parent Corporation) is satisfied that it is expedient or necessary so to do for the more efficient discharge of its functions under this Act, it may, with the concurrence of the State Government and the Central Government, frame by notification in the Official Gazette a scheme or schemes providing for the establishment of one or more subsidiary corporations.

(2) A scheme framed under sub-section (1) shall specify the subsidiary corporation or corporations which shall become established thereunder, the date or dates with effect from which they shall be so established, the powers and functions of the parent Corporation which such subsidiary corporation or corporations may exercise and discharge, the conditions and limitations subject to which such powers may be exercised, the management of the affairs of each such subsidiary corporation by a Board of Directors, the capital of each such subsidiary corporation and all other matters relating to such subsidiary corporations corresponding to the various matters for which provisions have been made in this Act with respect to the parent Corporation:

Provided that—

- (a) no subsidiary corporation shall start operation on any new route without the previous approval of the parent Corporation;
- (b) the representatives of the Central Government on the Board of Directors of a subsidiary corporation shall be in proportion to its contribution to the capital of the parent Corporation;
- (c) the liability of the Central Government to provide contribution to the capital of the subsidiary corporation to the parent Corporation shall not be increased without the approval of the Central Government;

1. Subs. by Act 63 of 1982, sec. 16 and Sch., for "officer or servant" (w.e.f. 13-11-1982).

2. Chapter IIA (containing section 17A) ins. by Act 63 of 1982, sec. 10 (w.e.f. 13-11-1982).



- (d) a subsidiary corporation shall have a Managing Director, a Chief Accounts Officer and a Financial Adviser or a Chief Accounts Officer-cum-Financial Adviser, and such officers shall be appointed by the State Government;
- (e) the State Government and the parent Corporation shall have power to give directions to a subsidiary corporation in respect of any matter, including directions relating to recruitment, conditions of service and training of the employees of the subsidiary corporation, wages to be paid to such employees, reserves to be maintained by the subsidiary corporation;
- (f) the capital budget, the revenue budget and the annual development plans of a subsidiary corporation shall be submitted for approval to the parent Corporation and where such budget or plan involves any deficit, also to the State Government.

(3) Every subsidiary corporation established under a scheme framed under sub-section (1) shall be a body corporate, by the name specified in the scheme having perpetual succession and a common seal and shall by the said name sue and be sued.]

### CHAPTER III

#### POWERS AND DUTIES OF CORPORATION

**18. General duty of Corporation.**— It shall be the general duty of a Corporation so to exercise its powers, as progressively to provide or secure or promote the provision of, an efficient, adequate, economical and properly co-ordinated system of road transport services in the State or part of the State for which it is established and in any extended area:

Provided that nothing in this section shall be construed as imposing on a Corporation, either directly or indirectly, any form of duty or liability enforceable by proceedings before any Court or Tribunal to which it would not otherwise be subject.

**19. Powers of Corporation.**—(1) Subject to the provisions of this Act, a Corporation shall have power—

- (a) to operate road transport services in the State and in any extended area;
- (b) to provide for any ancillary service;
- (c) to provide for its employees suitable conditions of service including fair wages, establishment of provident fund, living accommodation, places for rest and recreation and other amenities;
- <sup>1</sup>[(d) to authorise the issue of passes to its employees and other persons either free of cost or at concessional rates and on such conditions as it may deem fit to impose;
- (e) to authorise the grant of refund in respect of unused tickets and concessional passes.]

(2) Subject to the provisions of this Act, the powers conferred by sub-section (1) shall include power—

(a) to manufacture, purchase, maintain and repair rolling stock, vehicles, appliances, plant, equipment or any other thing required for the purpose of any of the activities of the Corporation referred to in sub-section (1).

*Explanation.*—In this clause, the expression “manufacture” does not include the construction of the complete unit of a motor vehicle except for purposes of experiment or research;

(b) to acquire and hold such property, both movable and immovable, as the Corporation may deem necessary for the purpose of any of the said activities, and to lease, sell or otherwise transfer any property held by it;

(c) to prepare schemes for the acquisition of, and to acquire, either by agreement or compulsorily in accordance with the law of acquisition for the time being in force in the State concerned and with such procedure as may be prescribed, whether absolutely or for any period, the whole or any part of any undertaking of any other person to the extent to which the activities thereof consist of the operation of road transport services in that State or in any extended area;

(d) to purchase by agreement or to take on lease or under any form of tenancy any land and to erect thereon such buildings as may be necessary for the purpose of carrying on its undertaking;

(e) to authorise the disposal of scrap vehicles, old tyres, used oils,<sup>1</sup>[any other stores of scrap value, or such other stores as may be declared to be obsolete in the prescribed manner];

(f) to enter into and perform all such contracts as may be necessary for the performance of its duties and the exercise of its powers under the Act;

(g) to purchase vehicles of such type as may be suitable for use in the road transport services operated by the corporation;

(h) to purchase or otherwise secure by agreement vehicles, garages, sheds, office buildings, depots, land, workshops, equipment, tools, accessories to and spare parts for vehicles, or any other article owned or possessed by the owner of any other undertaking for use thereof by the Corporation for the purposes of its undertaking;

(i) to do anything for the purpose of advancing the skill of persons employed by the Corporation or the efficiency of the equipment of the Corporation or of the manner in which that equipment is operated, including the provisions by the Corporation, and the assistance by the Corporation to others for the provision of facilities for training, education and research;

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1. Subs. by Act 63 of 1982, sec. 11, for “or any other stores of scrap value” (w.e.f. 13-11-1982).

- (j) to enter into and carry out agreement with any person carrying on business as a carrier of passengers or goods providing for the carriage of passengers or goods on behalf of the Corporation by that other person at a thorough fare or freight;
- (k) to provide facilities for the consignment, storage and delivery of goods;
- (l) to enter into contracts for exhibition of posters and advertising boards on and in the vehicles and premises of the Corporation and also for advertisement on tickets and other forms issued by the Corporation to the public;
- (m) with the prior approval of the State Government to do all other things to facilitate the proper carrying on of the business of the Corporation.

(3) Nothing in this section shall be construed as authorising a Corporation except with the previous approval of the State Government—

- (i) to manufacture or maintain anything which is not required directly or indirectly for use for the purpose of the undertaking of the Corporation or to repair, store, or provide any service for, any vehicle which does not belong to the Corporation or is not used directly or indirectly for the purpose of its undertaking;
- (ii) to purchase any vehicle for the purpose of sale to another person;
- (iii) to sell or supply to any person lubricants, spare parts, or equipment for or accessories to, vehicles;
- (iv) to let vehicles on hire for the carriage of passengers or goods except as expressly provided by or under this Act.

(4) Except as otherwise provided by this Act nothing in the foregoing provisions shall be construed as authorising the Corporation to disregard any law for the time being in force.

(5) Where a Corporation acquires the whole or any part of an undertaking of any other person, the Corporation shall, in appointing its [officers and other employees], take into consideration the claims of employees employed in that undertaking.

(6) The provisions of this section shall not be construed as limiting any power of a Corporation conferred by or under any subsequent provision of this Act.

#### COMMENTS

(i) Section 19 (2) (h) only authorises the Corporation to purchase or otherwise secure by agreement vehicles owned or possessed by the owner of any other undertaking for use thereof by the Corporation for the purposes of its undertaking. It does not however authorise the Corporation to permit another person to run his vehicle on his own under a permit issued to the Corporation by paying an amount to the Corporation; *Brij Mohan Parihar v. Madhya Pradesh State Road Transport Corporation*, AIR 1987 SC 29.

(ii) A scheme for compulsory acquisition may be for a part of the undertaking also and that would mean a part of the property of the undertaking or a branch of the undertaking; *State of Karnataka v. Ranganatha Reddy*, AIR 1978 SC 215.

20. **Extension of the operation of the road transport service of a Corporation to areas within another State.**—(1) If a Corporation considers it to be expedient in the public interest to extend the operation of any of its road transport services to any route or area situated within another State, it may, with the permission of the State Government, negotiate with the Government of the other State regarding the proposed extension.

(2) If the Government of the other State approves the proposed extension, the Corporation shall prepare a scheme for the purpose and forward the same to the other Government for its consent, and after such consent has been received, the Corporation may, with the previous approval of the State Government, sanction the scheme.

(3) After the scheme has been so sanctioned, it shall be competent for the Corporation to extend the operation of its road transport service to such route or area and when the operation of such service is so extended, the Corporation shall operate the service on that route or in that area subject to the provisions of any law in force in the other State within which such route or area is situated.

(4) The Corporation may, from time to time, alter or extend the scheme sanctioned under sub-section (2) by a supplementary scheme prepared and sanctioned in the manner provided in the foregoing provisions of this section.

#### COMMENTS

Omission to make the scheme in the precise manner in which section 20 directs the preparation of the scheme is a mere irregularity which cannot lead to the nullification of the finally published scheme; *A. Vishwanath Rao v. State of Mysore*, AIR 1968 SC 1095.

21. **Carriage of mails.**—Notwithstanding anything contained in the Motor Vehicles Act, 1939 (4 of 1939), a Corporation shall, if so required by the Central Government, carry mails at such rates and on such terms and conditions as may be specified in this behalf by the Central Government in consultation with the State Government.

#### CHAPTER IV

#### FINANCE, ACCOUNTS AND AUDIT

22. **General principle of Corporation's finance.**—It shall be the general principle of a Corporation that in carrying on its undertaking it shall act on business principles.

23. **Capital of the Corporation.**—(1) The Central Government and the State Government, may provide to a Corporation established by the State Government, in such proportion as may be agreed to by both the Governments, any capital that may be required by the Corporation for the purpose of carrying on the undertaking or for purposes connected therewith on such terms and conditions, not inconsistent with the provisions of this Act, as the State Government may, with the previous approval of the Central Government, determine.

<sup>1</sup>[(2) The Corporation may, whether or not any capital is provided to it under sub-section (1), raise by the issue of shares such capital (hereafter in this section

referred to as the "authorised share capital") as may be authorised in this behalf by the State Government:

Provided that where any capital is provided to the Corporation under sub-section (1), no capital may be raised under this sub-section without the previous approval of the Central Government.

(2A) Any capital raised under sub-section (2) with the previous approval of the Central Government may be,—

- (a) in addition to the capital provided to the Corporation under sub-section (1);
- (b) subscribed to by the Central Government or the State Government, as the case may be, by converting the whole or any part of the capital provided [whether before or after the commencement of the Road Transport Corporations (Amendment) Act, 1982] to the Corporation by that Government under sub-section (1).]

(3) The <sup>1</sup>[authorised share capital] of the Corporation shall be divided into such number of shares as the State Government may determine; and the number of shares which shall be subscribed by the State Government, the Central Government and other parties (including persons whose undertakings have been acquired by the Corporation) shall also be determined by the State Government in consultation with the Central Government.

(4) The allotment of shares to other parties mentioned in sub-section (3) shall be made by the Corporation in such manner as may be prescribed.

(5) The shares of the Corporation shall not be transferable except in accordance with the rules made under this Act.

(6) The Corporation may at any time, with the previous approval of the State Government, redeem the shares issued to the other parties under sub-section (4) in such manner as may be prescribed.

**24. Additional capital of the Corporation.**—If, after the issue of shares under section 23 a Corporation requires any further capital, the Corporation may, with the previous sanction of the State Government, raise such additional capital by the issue of new shares and the provisions of sub-sections (2), <sup>2</sup>[(2A)], (3), (4), (5) and (6) of the said section shall apply to the issue of such shares.

**25. Guarantee by the State Government.**—The shares of a Corporation shall be guaranteed by the State Government as to the payment of the principal and the payment of the annual dividend at such minimum rate as may be fixed by the State Government by notification published in the Official Gazette at the time of issuing the shares.

<sup>3</sup>[**26. Borrowing powers.**—A Corporation may, with the previous approval of the State Government, borrow money for the purpose of raising its working capital or meeting any expenditure of a capital nature in the open market or from a corresponding new bank constituted under section 3 of the Banking

1. Subs. by Act 63 of 1982, sec. 12, for "authorised capital" (w.e.f. 13-11-1982).

2. Ins. by Act 63 of 1982, sec. 16 and Sch., (w.e.f. 13-11-1982).

3. Subs. by Act 63 of 1982, sec. 13, for section 26 (w.e.f. 13-11-1982).

Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970), or section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (40 of 1980), a State Finance Corporation, established under section 3 of the State Financial Corporations Act, 1951 (63 of 1951), the Industrial Finance Corporation of India, established under section 3 of the Industrial Finance Corporation Act, 1948 (15 of 1948), the Industrial Development Bank of India, established under section 3 of the Industrial Development Bank of India Act, 1964 (18 of 1964), the Life Insurance Corporation of India, established under section 3 of the Life Insurance Corporation Act, 1956 (31 of 1956), or any other financial institution providing credit which is subject to the control of the Reserve Bank of India.]

**27. Fund of the Corporation.**—(1) Every Corporation shall have its own fund and all receipts of the Corporation shall be carried thereto and all payments by the Corporation shall be made therefrom.

(2) Except as otherwise directed by the State Government, all moneys belonging to that fund shall be deposited in the Reserve Bank of India or with the agents of the Reserve Bank of India <sup>1</sup>[or with the corresponding new banks constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970), or section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (40 of 1980),] or invested in such securities as may be approved by the State Government.

**28. Payment of interest and dividend.**—(1) Where <sup>2</sup>[the whole or part of the capital of a Corporation] is provided by the Central Government and the State Government under sub-section (1) of section 23, the Corporation shall pay interest on such capital at such rate as may, from time to time, be fixed by the State Government in consultation with the Central Government and such interest shall be deemed to be a part of the expenditure of the Corporation.

(2) Where the Corporation <sup>3</sup>[raises the whole or any part of its Capital] by issue of shares, it shall pay dividend on such shares at such rate as may, from time to time, be fixed by the Corporation, subject to any general limitations which may have been imposed by the State Government in consultation with the Central Government, and such dividend shall be deemed to be a part of the expenditure of the Corporation.

**29. Provision for depreciation and reserve and other funds.**—(1) A Corporation shall make such provisions for depreciation and for reserve and other funds as the State Government may, from time to time, direct.

(2) The management of the said funds, the sums to be carried from time to time to the credit thereof and the application of the moneys comprised therein shall be determined by the Corporation:

Provided that no fund shall be utilised for any purpose other than that for which it was created without the previous approval of the State Government.

1. Ins. by Act 63 of 1982, sec. 14 (w.e.f. 13-11-1982).

2. Subs. by Act 63 of 1982, sec. 16 and Sch., for "the capital of a Corporation" (w.e.f. 13-11-1982).

3. Subs. by Act 63 of 1982, sec. 16 and Sch., for "raises its capital" (w.e.f. 13-11-1982).

**30. Disposal of net profits.**— After making provision for payment of interest and dividend under section 28 and for depreciation, reserve and other funds under section 29, a Corporation may utilise such percentage of its net annual profits as may be specified in this behalf by the State Government for the provision of amenities to the passengers using the road transport services, welfare of labour employed by the Corporation and for such other purposes as may be prescribed with the previous approval of the Central Government, <sup>1</sup>[and out of the balance such amount as may, with the previous approval of the State Government and the Central Government, be specified in this behalf by the Corporation, may be utilised for financing the expansion programmes of the Corporation and the remainder, if any, shall be made over to the State Government for the purpose of road development].

**31. Power of the Corporation to spend.**— A Corporation shall have power to spend such sums as it thinks fit on objects authorised under this Act and such sums shall be treated as expenditure payable out of the fund of the Corporation.

**32. Budget.**—(1) Every Corporation shall, by such date in each year as may be prescribed, prepare and submit to the State Government for approval a budget for the next financial year showing the estimated receipts and expenditure during that financial year in such form as may be prescribed.

(2) Subject to the provisions of sub-sections (3) and (4), no sum shall be expended by or on behalf of a Corporation unless the expenditure of the same is covered by a current budget grant approved by the State Government.

(3) <sup>2</sup>[Subject to such conditions and restrictions as may be specified in this behalf by the State Government, a Corporation may sanction] any re-appropriation within the grant from one head of the expenditure to another or from a provision made for one scheme to that in respect of another, subject to the condition that the aggregate budget grant is not exceeded.

(4) A Corporation may, within such limits and subject to such conditions as may be prescribed, incur expenditure in excess of the limit provided in the budget approved by the State Government under any head of expenditure or in connection with any particular scheme.

**<sup>3</sup>[33. Accounts and audit.**—(1) The Corporation shall maintain proper accounts and other records and prepare an annual statement of accounts including the profit and loss account and the balance sheet in such form as may be prescribed by the State Government in consultation with the Comptroller and Auditor-General of India.

(2) The accounts of a Corporation shall be audited annually by the Comptroller and Auditor-General of India or his nominee and any expenditure incurred by him in connection with such audit shall be payable by the Corporation to the Comptroller and Auditor-General of India.

(3) The Comptroller and Auditor-General of India and any person appointed by him in connection with the audit of the accounts of a Corporation shall have

1. Subs. by Act 28 of 1959, sec. 6, for certain words (w.e.f. 1-9-1959).

2. Subs. by Act 28 of 1959, sec. 7, for "A Corporation may sanction" (w.e.f. 1-9-1959).

3. Subs. by Act 28 of 1959, sec. 8, for section 33 (w.e.f. 1-9-1959).

the same rights, privileges and authority in connection with such audit as the Comptroller and Auditor-General of India has in connection with the audit of the Government accounts, and, in particular, shall have the right to demand the production of books, accounts, connected vouchers and other documents and papers and to inspect any of the offices of the Corporation.

(4) The accounts of the Corporation as certified by the Comptroller and Auditor-General of India or any person appointed by him in this behalf together with the audit report thereon shall be forwarded annually to the State Government and that Government shall cause the same to be laid before the Legislature of the State.]

## CHAPTER V MISCELLANEOUS

**34. Direction by the State Government.**—(1) The State Government may, after consultation with a Corporation established by such Government, give to the Corporation general instructions to be followed by the Corporation, and such instructions may include directions relating to the recruitment, conditions of service and training of its employees, wages to be paid to the employees, reserves to be maintained by it and disposal of its profits or stocks.

(2) In the exercise of its powers and performance of its duties under this Act, the Corporation shall not depart from any general instructions issued under sub-section (1) except with the previous permission of the State Government.

### COMMENTS

(i) Where an employee of the transport services company reaches the age of superannuation at 60 years, and the company is taken over by the State Government, the State Service Rules fixing age of superannuation at 58 years cannot be applied to the existing employees, this would adversely affect their conditions of service; *S.P. Dubey v. Madhya Pradesh State Road Transport Corporation*, AIR 1991 SC 276.

(ii) To compel the Corporation to do anything, only a general direction under section 34 can be given by the Government. There ought not to be a specific direction with regard to a particular case. The High Court cannot compel the Government to perform a function which it is not under any kind of obligation to do; *Mysore State Road Transport Corporation v. Babajan Conductor*, AIR 1977 SC 1112.

(iii) Until regulations are made with the previous sanction of the State Government, the directions given under section 34 in respect of conditions of service, have got the force of law; *General Manager, Mysore State Road Transport Corporation v. Devraj Urs*, AIR 1976 SC 1027.

(iv) The conjoint effect of sections 14 (3) (b), 34 and 45 (2) (c) is that the appointment of officials and servants and their conditions of service must conform to the directions given by the State Government under section 34 and the regulations framed under section 45 (2) (c); *Mysore State Road Transport Corporation v. Gopinath Gundachar Char*, (1968) 1 SCR 767 : AIR 1968 SC 464.

**35. Returns and reports.**—(1) Every Corporation shall furnish to the State Government such returns, statistics, accounts and other information with respect to its property or activities or in regard to any proposed scheme as the State Government may, from time to time, require.



(2) Without prejudice to the provisions of sub-section (1), a Corporation shall, as soon as possible after the end of each financial year, submit to the Central and the State Governments a report on the exercise and performance by it of its powers and duties under this Act during that year and on its policy and programme.

<sup>1</sup>[(3) The State Government shall cause the annual report referred to in sub-section (2) to be laid before the Legislature of the State.]

**36. Power to order inquiries.**—(1) The State Government, with a view to satisfy itself that the powers and duties of a Corporation established by that Government are being exercised and performed properly, may, at any time, appoint any person or persons to make inquiries into all or any of the activities of the Corporation and to report to the State Government the result of such inquiries.

(2) The Corporation shall give to the person or persons so appointed all facilities for the proper conduct of the inquiries and shall produce before, or furnish to the person or persons any document, account or information in the possession of the Corporation which such person or persons demand for the purpose of the inquiries.

**37. Power to control a part of the undertaking of a Corporation.**—(1) If on receipt of the report of any inquiry held under section 36 or otherwise, the State Government is satisfied that it is necessary so to do in the public interest, the State Government may, by notification in the Official Gazette, authorise any person to take over from the Corporation, and so long as that notification is in force, to administer in accordance with such directions as may be issued from time to time by the State Government such part of the undertaking of the Corporation as may be specified in the notification, and any person so authorised may, for the purpose of so administering the said part of the undertaking, exercise all or any of the powers of the Corporation or of any officer of the Corporation under this Act, issue such directions as he thinks fit to the <sup>2</sup>[officers or other employees] of the Corporation and employ any outside agency.

(2) The State Government may by such notification direct that all charges and expenses incurred by the person so authorised together with such remuneration as the State Government may allow from time to time to such person shall be paid within such time as may be fixed by the State Government from the fund of the Corporation, and if the expenses are not so paid, the State Government may make an order directing the persons having the custody of that fund to pay to the person so authorised such expenses in priority to any other charges against such fund and he shall, so far as the funds to the credit of the Corporation admit, comply with the order of the State Government.

<sup>3</sup>[(3) Every notification issued under this section together with a report on the circumstances leading to its issue shall be laid before the Legislature of the State, as soon as may be, after it is issued.]

1. Ins. by Act 28 of 1959, sec. 9 (w.e.f. 1-9-1959).

2. Subs. by Act 63 of 1982, sec. 16 and Sch., for "officers or servants" (w.e.f. 13-11-1982).

3. Ins. by Act 28 of 1959, sec. 10 (w.e.f. 1-9-1959).

**38. Power to supersede a Corporation.**—(1) If the State Government is of opinion that a Corporation established by that Government is unable to perform, or has persistently made default in the performance of the duties imposed on it by or under the provisions of this Act or has exceeded or abused its powers, the State Government may, with the previous approval of the Central Government, by notification in the Official Gazette, supersede the Corporation for such period as may be specified in the notification:

Provided that before issuing a notification under this sub-section the State Government shall give a reasonable time to the Corporation to show cause why it should not be superseded and shall consider the explanations and objections, if any, of the Corporation.

(2) Upon the publication of a notification under sub-section (1) superseding a Corporation—

- (a) all the <sup>1</sup>[Directors] of the Corporation shall, as from the date of supersession, vacate their offices as such <sup>1</sup>[Directors];
- (b) all the powers and duties which may, by or under the provisions of this Act or of any other law, be exercised or performed by or on behalf of the Corporation shall, during the period of supersession, be exercised and performed by such person or persons as the State Government may direct;
- (c) all property vested in the Corporation shall, during the period of supersession, vest in the State Government.

(3) On the expiration of the period of supersession specified in the notification issued under sub-section (1), the State Government may—

- (a) extend the period of supersession for such further term as it may consider necessary; or
- (b) reconstitute the Corporation in the manner provided in section 5.

**39. Liquidation of a Corporation.**—(1) No provision of any law relating to the winding up of companies or corporations shall apply to a Corporation and no Corporation shall be placed in liquidation save by order of the State Government concerned and save in such manner as may be directed by that Government:

Provided that no such order shall be made by any State Government except with the previous approval of the Central Government.

(2) In the event of a Corporation being placed in liquidation the assets of the Corporation, after meeting the liabilities, if any, shall be divided among the Central and the State Government and such other parties, if any, as may have subscribed to the capital in proportion to the contribution made by each of them to the total capital of the Corporation.

**40. Compensation for acquisition of road transport undertakings.**—Whenever a Corporation acquires under this Act the whole or any part of any undertaking, there shall be paid by the Corporation compensation the amount of which shall be determined in the manner and in accordance with the procedure hereinafter set out, that is to say,—

1. Subs. by Act 63 of 1982, sec. 16 and Sch., for "members" (w.e.f. 13-11-1982).

- (a) where the amount of compensation can be fixed by agreement, it shall be paid in accordance with such agreement;
- (b) where no such agreement can be reached, the amount shall be determined by an arbitral tribunal consisting of one nominee of the Corporation, one nominee of the person to be compensated, and a Chairman to be nominated by the Chief Justice of the High Court exercising jurisdiction in relation to the State concerned;
- (c) an appeal shall lie to the High Court against the decision of the tribunal and the order of the High Court on such appeal shall be final.

**41. Corporation to be deemed to be a local authority and provision as to third party risks.**—[Rep. by the Road Transport Corporations (Amendment) Act, 1959 (28 of 1959), sec. 11 (w.e.f. 1-9-1959).]

**42. Power of entry.**—Whenever it is necessary for a Corporation to carry out any of its works or to make any survey, examination or investigation, preliminary or incidental to the exercise of powers or the performance of duties by the Corporation under this Act, any <sup>1</sup>[officer or other employee] of the Corporation generally or specially empowered by the Corporation may, with the previous permission of the district magistrate, enter upon any land or premises between sunrise and sunset, after giving reasonable notice of the intention to make such entry to the owner or occupier of such land or premises, and at any other time, with the consent in writing of the owner or occupier of such land or premises, for the purpose of the carrying out of such works or the making of such survey, examination or investigation.

**43. <sup>2</sup>[Directors], <sup>3</sup>[officers and other employees] of a Corporation to be public servants.**—All <sup>2</sup>[Directors] of a Corporation and all <sup>3</sup>[officers and other employees] of a Corporation, whether appointed by the State Government or the Corporation, shall be deemed, when acting or purporting to act in pursuance of any of the provisions of this Act or of any other law, to be public servants within the meaning of section 21 of the Indian Penal Code (45 of 1860).

**44. Power to make rules.**—(1) The State Government may, by notification in the Official Gazette, make rules to give effect to 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:—

- <sup>4</sup>[(a) the conditions and manner of appointment of Directors of Corporation, the representation in the Board of the Central and State Governments, and where shares are issued to other parties under sub-section (3) of section 23 of such shareholders and generally all matters relating to the constitution of the Board;]
- <sup>5</sup>[(b) remuneration, allowances or fees paid to the Directors of the Corporation or other persons associated with the Board under section 10;]

1. Subs. by Act 63 of 1982, sec. 16 and Sch., for "officer or servant" (w.e.f. 13-11-1982).

2. Subs. by Act 63 of 1982, sec. 16 and Sch., for "members" (w.e.f. 13-11-1982).

3. Subs. by Act 63 of 1982, sec. 16 and Sch., for "officers and servants" (w.e.f. 13-11-1982).

4. Subs. by Act 63 of 1982, sec. 16 and Sch., for clause (a) (w.e.f. 13-11-1982).

5. Subs. by Act 63 of 1982, sec. 16 and Sch., for clause (b) (w.e.f. 13-11-1982).

- (c) the term of office of, the manner of filling casual vacancies among,<sup>1</sup>[Directors] of the Corporation;
- (d) the number of <sup>1</sup>[Directors] necessary to constitute a quorum at a meeting of the <sup>2</sup>[Board];
- (e) the conditions of appointment and service and the scales of pay of the <sup>3</sup>[Managing Director, the Chief Accounts Officer, the Financial Adviser or, as the case may be, the Chief Accounts Officer-cum-Financial Adviser] of the Corporation;
- (f) the number and term of office of, the allowances to be paid to, the procedure to be followed by, and the manner of filling casual vacancies among, members of an Advisory Council;
- <sup>4</sup>[(ff) the procedure in accordance with which any stores may be declared obsolete under sub-section (2) of section 19;]
- (g) the manner in which the shares of the Corporation shall be allotted, transferred or redeemed;
- (h) the manner in which the net profits of the Corporation shall be utilised;
- (i) the date by which, and the form in which, the budget shall be prepared and submitted in each year under sub-section (1) of section 32;
- <sup>5</sup>[(j) the form in which the annual statement of accounts shall be prepared;]
- <sup>6</sup>[\*\*\*]
- (1) the form in which the returns, statistics or reports shall be submitted under section 35;
- (m) the procedure to be followed by an arbitral tribunal under section 40;
- (n) any other matter which has to be, or may be, prescribed.

**45. Power to make regulations.**—(1) A Corporation may, with the previous sanction of <sup>7</sup>[the State Government and by notification in the Official Gazette], make regulations, not inconsistent with this Act and the rules made thereunder, for the administration of the affairs of the Corporation.

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

- (a) the manner in which, and the purposes for which, persons may be associated with the <sup>2</sup>[Board] under section 10;
- (b) the time and place of meetings of the <sup>2</sup>[Board] and the procedure to be followed in regard to transaction of business at such meetings;
- (c) the conditions of appointment and service and the scales of pay of officers and <sup>3</sup>[other employees of the Corporation other than the Managing Director, the Chief Accounts Officer and the Financial

1. Subs. by Act 63 of 1982, sec. 16 and Sch., for "members" (w.e.f. 13-11-1982).

2. Subs. by Act 63 of 1982, sec. 16, and Sch., for "Corporation" (w.e.f. 13-11-1982).

3. Subs. by Act 63 of 1982, sec. 16, and Sch., for certain words (w.e.f. 13-11-1982).

4. Ins. by Act 63 of 1982, sec. 16 and Sch. (w.e.f. 13-11-1982).

5. Subs. by Act 28 of 1959, sec. 12, for clause (j) (w.e.f. 1-9-1959).

6. Clause (k) omitted by Act 28 of 1959, sec. 12 (w.e.f. 1-9-1959).

7. Subs. by Act 4 of 2005, sec. 2 and Sch. for "the State Government".

Adviser or, as the case may be, the Chief Accounts Officer-cum-Financial Adviser];

- <sup>1</sup>[(d) the issue of passes to the employees of the Corporation and other persons under section 19;
- (e) the grant of refund in respect of unused tickets and concessional passes under section 19.]

#### COMMENTS

(i) Where drivers would have served the Corporation till their superannuation but for their unfortunate medical unfitness to carry on the driver's job, it would not be improper if discretion is exercised with greater concern and a sympathetic outlook subject to the paramount consideration of good and efficient administration; *Uttar Pradesh State Road Transport Corporation v. Mohd. Ismail*, AIR 1991 SC 1099.

(ii) Once a candidate is selected for the post of conductor and his name is included in the select list for appointment, he gets a right to be considered for appointment as and when the vacancy arises. On removal of his name from the select list, he forfeits his right to employment in future; giving an opportunity of explanation would meet the bare minimal requirement of natural justice; *S. Govindraju v. Karnataka State Road Transport Corporation*, AIR 1986 SC 1680.

(iii) Corporation "makes" regulations with the following three steps:—

- (a) The corporation "frames" or "proposes" regulations by its resolutions.
- (b) State Government then accords its sanction.
- (c) After sanction is accorded the corporation "makes" regulations; *Madhya Pradesh State Transport Corporation, Bairagarh, Bhopal v. Ramchandra*, AIR 1977 MP 243.

<sup>2</sup>[45A. Every rule and regulation to be laid before State Legislature.—Every rule and every regulation made under this Act shall be laid, as soon as may be after it is made, before the State Legislature.]

**46. Penalty for breach of rules.**—The State Government may, by rule, provide that the breach of any rules made by it under section 44 shall be punishable with fine which may extend to five hundred rupees, and when the breach is a continuing one, with a further fine not exceeding twenty rupees for every day after the date of the first conviction during which the offender is proved to have persisted in the offence.

**47. Special provisions relating to Bombay.**—(1) The body known as the Bombay State Road Transport Corporation and the Board thereof, referred to in the notification of the Government of Bombay, No. 1780/5, dated the 16th November, 1949 (hereinafter referred to as "the existing Corporation" and "Board" respectively) shall, notwithstanding any defect in, or invalidity of, the enactment or order under which they were constituted, be deemed for all purposes to have been validly constituted as if all the provisions of the said notification had been included and enacted in this section and this section had been in force continuously on and from the said date, and accordingly—

- (a) all action by, and all transactions with, the existing Corporation or Board, including any action or transaction by which any property asset or right was acquired or any liability or obligation, whether by contract or otherwise, was incurred, shall be deemed to have been validly and lawfully taken or done; and

1. Ins. by Act 28 of 1959, sec. 13 (w.e.f. 1-9-1959).

2. Section 45A inserted by Act 4 of 2005, sec. 2 and Sch. (w.e.f. 11-1-2005).

- (b) no suit, prosecution or other legal proceeding shall lie against the Government of Bombay or any member of the Board or any officer or servant of the existing Corporation in respect of any action taken by, or in relation to the setting up of, the existing Corporation or Board merely on the ground of any defect in, or invalidity of, the enactment or order under which the existing Corporation or Board was constituted.

(2) On the establishment of a Corporation under section 3 in the State of Bombay (hereinafter referred to as "the new Corporation"),—

- (a) the existing Corporation and Board shall be deemed to be dissolved and shall cease to function;
- (b) all property and assets vesting in the existing Corporation shall vest in the new Corporation;
- (c) all rights, liabilities and obligations of the existing Corporation, whether arising out of any contract or otherwise, shall be rights, facilities and obligations, respectively, of the new Corporation; and
- (d) all licences and permits granted to, all contracts made with, and all instruments executed on behalf of, the existing Corporation or Board shall be deemed to have been granted to, made with, or executed on behalf of, the new Corporation and shall have effect accordingly.

<sup>1</sup>[47A. **Special provision for reconstitution or dissolution of certain Corporations.**—(1) Where on account of the reorganisation of States under the States Reorganisation Act, 1956 (37 of 1956), <sup>2</sup>[or any other enactment relating to reorganisation of States, the whole or any part of a State in respect of which a Corporation was, immediately before the day on which the reorganisation takes place,] functioning and operating, is transferred on that day to another State and by reason of such transfer, it appears to the State Government necessary or expedient that the Corporation should be reconstituted or reorganised in any manner whatsoever or that it should be dissolved, the State Government may frame a scheme for the reconstitution, reorganisation or dissolution of the Corporation including proposals regarding the formation of new Corporations, the amalgamation of the Corporation with any other Corporation, body corporate or a commercial undertaking of another State Government, the transfer of the assets, rights and liabilities of the Corporation in whole or in part to any other Corporation, body corporate or a commercial undertaking of another State Government, and the transfer or re-employment of any workmen of the Corporation, and the State Government may forward the scheme to the Central Government for approval.

*Explanation.*—For the purpose of framing any scheme under this sub-section, "State Government",—

- <sup>3</sup>[(i) in relation to the Bombay State Road Transport Corporation, shall mean the Government of the State of Maharashtra or of Gujarat as formed under the Bombay Reorganisation Act, 1960 (11 of 1960);]
- (ii) in relation to the PEPSU Road Transport Corporation, shall mean the Government of the State of Punjab, as formed under the provisions of the State Reorganisation Act, 1956 (37 of 1956);

1. Ins. by Act 87 of 1956, sec. 2 (w.e.f. 28-12-1956).

2. Subs. by Act 11 of 1960, sec. 71, for certain words (w.e.f. 25-4-1960).

3. Subs. by Act 11 of 1960, sec. 71, for clause (i) (w.e.f. 25-4-1960).

<sup>1</sup>[(iii) in relation to the Assam State Road Transport Corporation, shall mean the Government of the State of Assam or of Meghalaya as formed under the North-Eastern Areas (Reorganisation) Act, 1971 (81 of 1971).]

(2) On receipt of any such scheme, the Central Government may, after consultation with the State Governments concerned, approve the scheme with or without modifications and for the purpose of giving effect to the approved scheme, the Central Government may, from time to time, make such order in relation thereto as it thinks fit and every order so made shall have effect notwithstanding anything contained in this Act.

(3) Any order made under sub-section (2) may provide for all or any of the following matters, namely:—

- (a) the dissolution of the Corporation, notwithstanding anything contained in section 39;
- (b) the reconstitution or reorganisation, in any manner whatsoever, of the Corporation including the establishment, where necessary, of more than one Corporation in any State;
- (c) the amalgamation of two or more Corporations, or of one Corporation with any other body corporate or a commercial undertaking of any other State Government;
- (d) the extension of the area for which the Corporation is established, or the exclusion of any area therefrom;
- (e) the transfer, in whole or in part, of the assets, rights and liabilities of the Corporation including the transfer of any licences or permits granted to the Corporation, to any other Corporation, body corporate or a commercial undertaking of any other State Government; and the terms and conditions of such transfer;
- (f) the transfer on re-employment of any workmen of the Corporation to, or by, any such transferee, and, subject to the provisions of section 111 of the State Reorganisation Act, 1956 (37 of 1956), <sup>2</sup>[or any other enactment relating to reorganisation of States], the terms and conditions of service applicable to such workmen after such transfer or re-employment;
- (g) such incidental, consequential and supplemental matters as may be necessary to give effect to the approved scheme.

(4) Where an order is made under this section transferring the assets, rights and liabilities of any Corporation, then, by virtue of that order, such assets, rights and liabilities of the Corporation shall vest in, and be the assets, rights and liabilities of the transferee.]

<sup>3</sup>[48. **Transitional provision relating to Bombay State Road Transport Corporation.**—Notwithstanding anything contained in section 47A, it shall be lawful for the Government of the State of Bombay to frame a scheme under sub-section (1) thereof and forward the same to the Central Government before the 1st day of May, 1960, and in such case, the power conferred on the Central Government to make an order under sub-section (2) thereof may be exercised before that day but no order so made shall take effect till that day.]

1. Ins. by Act 81 of 1971, sec. 73 (w.e.f. 30-12-1971).

2. Ins. by Act 11 of 1960, sec. 71 (w.e.f. 25-4-1960).

3. Section 48 rep. by Act 36 of 1957, sec. 2 and Sch. I (w.e.f. 17-9-1957) and again ins. by Act 11 of 1960, sec. 71 (w.e.f. 25-4-1960).