

LIST OF AMENDING ACTS AND ADAPTATION ORDER

1. The Adaptation of Laws (No.3) Order, 1956.
2. The Road Transport Corporations (Amendment) Act, 1956 (87 of 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 Corporation (Amendment) Act, 1982 (63 of 1982).

LIST OF ABBREVIATIONS USED

Cl.	..	..	for Clause.
Col.	..	..	for Column.
Ins.	..	..	for Inserted.
Rep.	..	..	for Repeated.
Sec.	..	..	for Section.
Subs.	..	..	for Substituted.
w.e.f.	..	..	for With effect from.

THE ROAD TRANSPORT CORPORATIONS ACT, 1950

ARRANGEMENT OF SECTIONS

CHAPTER I PRELIMINARY

SECTIONS

1. Short title, extent and commencement.
2. Definitions.

CHAPTER II Road Transport Corporations

3. Establishment of Road Transport Corporations in the States.
4. Incorporation.
5. Constitution of Road Transport Corporation.
6. Disqualifications for being chosen as, or for being, a member of a Corporation.
7. Resignation of office by the Chairman or a member.
8. Removal of Chairman and members from office.
9. Vacancies amongst members or defect in the constitution not to invalidate acts or proceedings of a corp.
10. Temporary association of persons with a corporation for particular purposes.
11. Meetings of Corporation.
12. Power to appoint committees and delegate functions.
13. Authentication of orders and other instruments of a Corporation.
14. Officers and employees of the Corporation.
15. The Managing Director, the Chief Accounts Officer and the Financial Adviser.
16. General disqualification of all officers and employees.
17. Appointment of Advisory Council.
- 17 A. Establishment of subsidiary Corporations.

CHAPTER III POWERS AND DUTIES OF CORPORATION

18. General duty of Corporation
19. Powers of Corporation.

20. Extension of the operation of the road transport service of a Corporation to areas within another State.
21. Carriage of mails.

CHAPTER IV
FINANCE, ACCOUNTS & AUDIT

22. General principle of Corporation's finance.
23. Capital of the Corporation.
24. Additional capital of the Corporation.
25. Guarantee by the State Government.
26. Borrowing powers.
27. Fund of the Corporation.
28. Payment of interest and dividend.
29. Provision for depreciation and reserve and other funds.
30. Disposal of net profits.
31. Power of the Corporation to spend.
32. Budget.
33. Accounts and audit.

CHAPTER V
MISCELLANEOUS

34. Directions by the State Government.
35. Returns and reports.
36. Power to order inquiries.
37. Power to control a part of the undertaking a Corporation.
38. Power to supersede a Corporation.
39. Liquidation of a Corporation.
40. Compensation for acquisition of road transport undertakings.
41. (Repealed).
42. Power to entry.
43. Members, officers and employees of the Corporation to be public servants.
44. Power to make rules.
45. Power to make regulations.
46. Penalty for breach of rules.
47. Special provisions relating to Bombay.
- 47 A. Special provision for reconstitution or dissolution of ceriman Corporations.
48. Transitional provision relating to Bombay at State Road Transport Corporation.

THE ROAD TRANSPORT CORPORATION ACT, 1950

64 OF 1950

(4th December, 1950.)

An Act to provide for the incorporation and regulation of road transport corporation.

Enacted by parliament as follows :-

CHAPTER 1

PRELIMINARY

1. (1) This Act may be called the Road Transport Corporation Act, 1950.

(2) It extends to the Whole of India.

(Provided that on and from the commencement of this 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)

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 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.

‘Sub- Section (2) has been successively amended by the Adaptation of Laws (No.3) Order, 1956 (W.E.F.1-11-50).Act 25 of 1968 (W.E.F. 15-8-1968) and Act 71 of 1971 (W.E.F. 3-11-1971) to read as above. The Act has been extended to Pondicherry by Act 26 of 1968.

The Act has been brought into force in the states mentioned in col. 1 of the table below with effect from the dates noted against them :-

State	Date of Commencement	Notification	Where Publicised
1.	2.	3.	4.
Bombay	6.12.1950	26-T(28)-J	Gazette of India, 1950 Pt.II,Sec.3P.1089
Bihar	1.9.1952	SRO 1526	Ibid 1952, P. 1386
My Sore	15.09.1952	SRO 1607	Ibid,1952 P.1492.
Hyderabad	1.2.1952	SRO 1968	Ibid, 1952 P.1746.
Kutch	1.12.1952	SRO 1969	Ibid, 1952 P1748
West Bengal	2.3.1953	SRO 375	Ibid, 1953 P.249
Saurashtra	1.8.1953	SRO 1494	Ibid, 1953 P.1214
Madhya Pradesh	1.1.1954	SRO 2227	Ibid, 1953 P.1996
Punjab	10.8.1954	SRO 2629	Ibid, 1954 P.1959
Madhya Bharat	2.10.1954	SRO 2771	Ibid, 1954 P.2078
Patiala & East Punjab States Union	10.3.1955	SRO 513	Ibid, 1955 P.451
Orissa	1.6.1956	SRO 1204	Ibid, 1956, P.794
Andhra	1.12.1957	SRO 3813	Ibid, 1957,P.2776
Himachal Pradesh	28.3.1958Sec.3(ii) Extraordinaire P.421/I	SO 372A	Ibid, 1958 Pt.II
My Sore (New State)	1.8.1958	SO 1410	Ibid, 1988 P.1229
Tripura	1.3.1961	SO 491	Ibid, 1961 P.567
Madhya Pradesh (New State)	1.4.1961	SO 524	Ibid, 1961 P.58317

Rajasthan	5.9.1964	SO 3049	Ibid, 1904 P.3417
Kerala	1.1.1965	SO 38	Ibid, 1965 P.20
Assam	10.3.1970	SO 968	Ibid, 1970 P.1311
Delhi	3.11.1971	SO 5081	Ibid, 1971 P.3957
Uttar Pradesh	1.4.1972	SO 1074	Ibid, 1972 P.1998

Definitions. 2. 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;

(aa) “Board means the Board of Directors of a Corporation.

(b) “Corporation” means a Road Transport Corp. established under section 3;

(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 vehicle, used or capable of being used

for the purpose of road transport, and includes a tramcar trolley-vehicle and a trailer;

(g) Words and expressions used but not defined in this Act and defined in the Motor Vehicles Act, 1939, have the meaning assigned to them in the Act

CHAPTER II

ROAD TRANSPORT CORPORATION

Establishment of 3. The State Government, having regard to ----

Road Transport (a) the advantages offered to the public, trades and industry by the development of

Corporations in transport;

the State (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.

Incorporation. 4. 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.

Management of 5.(1) In the general superintendence, direction and management of the affairs Corporation and business of a Corporation shall vest in a Board of Directors, Which, With the Board of assistance of its committees and Managing Director, may exercise all such powers Directors 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 or 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 Governments and of appointment by each Government of its own representatives there to 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 of and the manner of filling casual vacancies among the Director Shall be such as may be prescribed.

SECTION 15 OF THE ROAD TRANSPORT CORPORATION (AMENDMENT)ACT. 1982 (Act. No. 63 of 1982)

Every person holding office immediately before the commencement of this Act as the Chairman, Vice- Chairman or other member of Road Transport Corporation established under section 3 of the principal Act shall, on such Commencement, 96 deemed to have been appointed as the Chairman, Vice-Chairman or other Director (as the case may be) of the Board of Directors of the said Corporation under the principal Act, as amended by this Act, for the remainder of the term for which such person would have continued to hold office is the Chairman Vice- Chairman or other member of such Corporation, if this Act had not been enacted.

6. (1.) A person shall be disqualified for being chosen as, or for being a Director of a Corporation

- (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;
- (e) it he has any financial interest in any other road Transport Undertaking.

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

(3) Nothing in clause (6) of sub- section (1) shall be deemed to disqualify-

(a) Any officer or other employee of the Government for being chosen as for being a Director of Corporation.

(b) Any officer or other employee of a Corporation for being chosen as, or for being, a Director of another Corporation.

7. The Chairman or any other Director of a Corporation may resign his office by giving notice in writing to the State Government and, on such resignation being accepted by the Government shall be deemed to had vacated his office.

8. (1) The State Government may remove from office the Chairman or any other Director of the Board who-

(a) Is or becomes subject to any of the disqualifications mentioned in section; or

(b) Without excuse sufficient in the opinion of the State Government is absent from more than four consecutive meetings of the Board:

Provided that no Director appointed by the Central Government Shall be removed from office without the concurrence of that Government.

(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;

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.

9. The act or Proceeding of a Corporation or its Board Shall be invalid by reason only of the existence of any vacancy amongst its members of any defect in the constitution there of.

10. (1) A Board may associate with itself for any particular purpose in such manner as may be determined assistance or advice it may desire.

(2) A Person associated with it by the Board under sub-section (1) for any purpose shall have a right to take part in the discussions of the

Board relevant to that purpose, but shall not have a right to vote at a meeting of the Board.

11. (1) A Board Shall meet a such times and places and shall, subject to the provisions of sub-section(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 Board Shall meet at least once in every three months.

(2) The person to preside at a meeting of a Board Shall be the Chairman there of , or in his absence from any meeting, the vice-Chairman, if any or in the absence of both the Chairman and the vice-chairman, such director as may be chosen by the Directors Present from among themselves to preside.

(3) All questions at a meeting of a Corporation 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. (1) A Board may, from time to time, by resolution passed at a meeting –

(a) Appoint Committees consisting of Directors for forming such functions as may be specified in the resolution;

(2) The Managing Director Shall obtain the views of the Chief Accounts Officer and the Financial Advisor or, the case may be, the Chief Accounts Officer-Cum- Financial Advisor, on every Proposal involving revenues, or expenditure from the fund, of the Corporation and Shall cause such views to the consideration of such proposal by the Board.

16. 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. 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(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 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 there under, the date or dates with effect from which they shall be so established, the powers and functions of the parent 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 –

No subsidiary corporation shall start operation on any new route without the previous approval of the parent Corporation;

(b) The representatives of the Central Govt. 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 or to the parent corporation shall not be increased without the approval of the Central Government

;

- (d) A subsidiary corporation shall have a managing Director, a Chief Accounts Officer-cum-Financial Advisor or a Chief Accounts Officer-cum-Financial Advisor, 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 (I), 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. 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-ordinate 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. (1) Subject to the provisions of this Act, a Corporation shall have power
-
- (a) To Operate road transport service in the state and in any extended area;
- (b) To provide for any ancillary services;

(c) To provide for its employees suitable conditions of service including fair wages, establishment of provident fund, living accommodation, place for rest and recreation and other amenities;

(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;

(6) to authorise the grant of refund in respect of un used tickets and concessional passes.

(2) subject to the provisions of this let, 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 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 said activities and to lease, sell transfer any property held by it;

(c) to prepare schemes for the 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, 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 power 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 of otherwise secure by agreement vehicles, garages, shed, office buildings, depots, land, work shops, equipment tools, accessories to and spare parts for vehicles, or any other undertaking for use thereof by the Corporation for the purpose 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 provision by the Corporation, and the assistance by the Corporation to others for the provision of facilities for training, education and research;

(j) to enter into 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 personate through fare or freighe;

(k) to provide facilities for the consignment, storage and delivery of goods::

(l) to enter into contracts for exhibition of posters and advertising beards 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 of 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 byunder 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 party 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.

20.(1) If a Corporation considers it to be expedient in the public interest to extend the operation 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.

Extension of the operation of the road transport service of a Corporation to areas within another State.

(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 forgoing provisions of this section.

21. Notwithstanding any-thing contained in the motor vehicles Act, 1939,* a Corporation shall, if so required by the Central Government, carry mails at such terms and conditions as may be specified in this behalf by the Central Government in consultation with the State Government.

Carriage of mails. (a of 1939)

CHAPTER IV

FINING, AGGOUNTS & JUDIT

22. It shall be the general principle of a Corporation that in carrying on its undertaking it shall act on business principles.

23. (1) The Central Government and the State Government may provide to a Corporation established by the State Governments, 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 may, with the previous approval of the Central Government, determine.

(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 without the previous, approval of the Central Government.

(24) 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 any part of the capital provided/whether before or after the commencement of the Road Transport Corporation (amendment) Act, 1982 to the Corporation by that Government under sub-section (1) ,

3. The 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 he subscribed by the state Government the Central Government and other parties (including persons whose undertakings have been aced 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.

General
Princi-1
Corporation

Capital
of the
Corpor-
ation

(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.

Additi-
onal
Capital of
the
Corporation

24. 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), (2A), (3), (4), (5) and (6) of the said section shall apply to the issue of such shares.

Guarantee
by the
State
Govt.

25. 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.

Borrow-
ing
Powers.

26. 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 companies (Acquisition and transfer of undertakings) Act 1970, or section 3 of the Banking Companies (Acquisition and transfer of undertakings) Act, 1980 a State Finance Corporation, established under section 3 of the State Financial Corporations Act, 1951 the Industrial Finance Corporation of India, established under section 3 of the Industrial Finance Corporation Act, 1948 the Industrial Development Bank of India, established under section 3 of the Industrial Development Bank of India Act, 1964, the Life Insurance Corporation of India, established under section 3 of the Life Insurance Corporation Act, 1956 or any other financial institution providing credit which is subject to the control of the reserve Bank of India.

Fund
of the
Corpo-
ration

27. (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 there from.

(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 corresponding new banks constituted under section 3 of the Banking Companies (Acquisition and transfer of undertakings) Act 1970 or section 3 of

the Banking Companies (Acquisition and transfer of undertakings) Act, 1980 or inverted in such securities as may be approved by the State Government.

-14-

Payment of interest and dividend.

28. (1) Where the whole or part of the capital of a Corporation is provided by Central Government and the State Government under Sub-Section (1) of Section 33, the Corporation shall pay interest on such capital at such rate as may, from time to time, be fixed by the State Government and such interest shall be deemed to be a part of the expenditure of the Corporation.

(2) Where the Corporation 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 State Government, subject to any general limitation 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.

Provision for depreciation and reserve & other funds.

29. (1) 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 there of and the applications of the money comprised therein shall be determined by the Corporation:

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

Disposal of net profits.

30. 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, (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.)

Power of the Corporation to spend

31. 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. (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.

-15-

(3) Subject to such conditions and restrictions as may be specified in this behalf by State Government, a Corporation may sanction) any re-appropriation within the grant from are head of the expenditure to another of from a provision made for one schema to that in respect of another, or 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 connection with any particular scheme.

Accounts &
audit

33. (1) The Corporation shall maintain proper accounts 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 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 inspect any the officers 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 for warder annually to the State Government; and that Government shall cause the same to be laid before the Legislature of the State)

CHAPTER – V

MISCELLANEOUS

Directions
by the State
Government

34. (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 relation to the recruitment, conditions of service and training of its employee, wages to be paid to the employee, reserves to be maintained by it and disposal of its profits of 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 sun-section () except with the previous permission of the State Government.

-16-

Returns and
refunds.

35. (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 schema as the State Government may from time to time required.

(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 Government 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.

(3) The State Government shall cause the annual report referred to in sub-section (2) to be laid before the Legislature of the State.

Power to
order
inquiries

35. (1) The State Government, with a view to satisfy itself that the powers and duties of a Corporation stable shed 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 purposes of the inquiries.

Power to
control a part
of the
undertaking
of a
corporation.

37. (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, be notification in the Official Gazettes, authorised 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 officers or other employees of the Corporation and employ any outside agency.

(2) The State Government may be 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 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.

(3) Every notification issued under this section together with a report on the circumstances leading to its.

-17-

Issue shall be laid before the Legislature of the State, as soon as may be, after it is issued.

Power to
supersede
Corporation

38. (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 power, 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 Directors of the Corporation shall, as from the date of supersession, vacate their offices as such 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 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.

liquidation of
Corporation.

39. (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 preparation to the contribution made by each of them to the total capital of Corporation.

40. 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 according with the procedure hereinafter set out , that is to say-

(a) Where the amount of compensation can be fixed by agreement, it shall be paid in According 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 Corporation (Amendment) Act,1959 (28 of 1959), S. II.

Power of entry

42. 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 power or the performance of duties by the corporation under this Act any officers and 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 permission between sunrise and sunset after giving reasonable notice or 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 and premises , for the purpose of carrying out of such works or the making of such survey ,examination or investigation .

Directors Officers and employee of a Corporation to be public Servants.

43. All Directors of a Corporation and all officers and other employee 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 provision of this Act or of any other law to be public servants within the meaning of section 21 of the Indian Penal code.

Power to make rules.

44.(1) /The State Government may. By notification in the official Gazette, ,make rules to give effect to the provision 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 condition and manner of appointment of Directors of a Corporation , the representation in the Board of the Central and State Government and where Shares are issued to other parties under sun-Section (3) of Section 23 of such shareholders .

And generally all matters relating to the constitution of the Board.

(b) Remuneration, allowances or fees paid to the directors of the corporation or other persons associated with the Board under section 10'

(c) the term of office of the manner of filling casual vacancies among Directors of the corporation;

(d) the number of Directors necessary to constitute a quorum at a meeting of the Board;

(e) the conditions of appointment and services and the scales of pay of the managing Director Chief Accounts Officers, the Financial Adviser or ,as the case may be the Chief Accounts Officers-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 be, and the manner of filling casual vacancies among member of an Advisory council;

(ff) the procedure in accordance with which any 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 prepared and submitted in each year under Sub-section(I) of Section 32;

(j) the form in which the annual statement of accounts shall be prepared;

(l) 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 .

Power to
make
regulations.

45.(1) A Corporation may with the previous sanction of the state government make regulations, not inconsistent with this act and the rules made there under 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 purposed for which persons may be associated with the Board under;

(b) the time and place of meeting of the Board and the procedure to be followed in regard to transaction of business at the such meetings;

(c) the conditions of appointment and services and the scale of pay of other employees of the corporation other than the managing Director , the Chief Account Officers and the Financial Adviser or is the case may be, the Chief Accounts Officers cum-financial Adviser;

(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.

Penalty for
branch of
rules.

46. The state Government may, by rules, provide that the branch of any rules made by it under Section 44 shall be punishable with fine which may extend to five hundred rupees, and when the branch 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.

Special
provisions
relating to
Bombay.

47. (1) The body known as the Bombay state Road Transport Corporation and the Board there of 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 Validity

constituted as if all the provisions of the said notification 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 Validity and lawfully taken or dine ; and

(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 employee 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 e deemed to be dissolved and shall cease to function: