

Rep. by Act... 38... of 1978, S. 2 + sch. I

THE AIR CORPORATIONS (AMENDMENT) ACT, 1971

No. 49 OF 1971

[9th December, 1971]

An Act further to amend the Air Corporations Act, 1953,

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

Short
title and
commen-
cement.

1. (1) This Act may be called the Air Corporations (Amendment) Act, 1971.

(2) The provisions of this Act, except clause (iii) of section 4 which shall be deemed to have come into force on the 19th day of May, 1971, shall come into force on such date¹ as the Central Government may, by notification in the Official Gazette, appoint.

Amend-
ment of
section 4.

2. In the Air Corporations Act, 1953 (hereinafter referred to as the 27 of 1953. principal Act), in section 4,—

(i) for sub-section (1), the following sub-sections shall be substituted, namely:—

“(1) The general superintendence, direction and management of the affairs and business of each of the Corporations shall vest in a Board of directors which may exercise all such powers and do all such acts and things as may be exercised or done by the Corporation under this Act.

(1A) The Board of directors shall consist of a Chairman to be appointed by the Central Government, and not less than eight and not more than fourteen other directors to be appointed by the Central Government and the Chairman or any other director may be required to render whole-time or part-time service as the Central Government may direct:

¹ 1-2-1972 : vide Notification No. S. O. 73(E), dated 29-1-1972, Gazette of India, Extraordinary Part II, Section 3(ii), p. 197.

Provided that—

(a) the same person may be appointed to be the Chairman of both the Corporations or Chairman of one and director of the other;

(b) the same persons may be appointed to be directors of both the Corporations.”;

(ii) in sub-sections (2), (3) and (4), for the word “member” wherever it occurs, the word “director” shall be substituted;

(iii) in sub-section (5), for the words “General Manager”, the words “managing director” and for the word “member”, the word “director” shall be substituted.

3. In section 5 of the principal Act,—

(i) in sub-section (1), for the word “members”, the word “directors” and in the proviso thereto, for the word “member”, the word “director” shall be substituted;

Amendment of section 5.

(ii) in sub-section (2),—

(a) for the word “member”, in both the places where it occurs, the word “director” shall be substituted;

(b) for the words “such remuneration by way of allowances”, the words “such remuneration by way of salary, allowances” shall be substituted.

4. In section 7 of the principal Act, in sub-section (2),—

(i) after clause (i), the following clause shall be inserted, namely:—

Amendment of section 7.

“(ii) to make such grants as it thinks fit as contribution or donation, in furtherance of the interests of the Corporation, to any fund established for a benevolent or charitable purpose:

Provided that nothing in this clause shall be construed as empowering the Corporation to make any such grant to any political party or for any political purpose to any individual or body;”;

(ii) in clause (k), for the words “including provision of catering, rest-rooms”, the words “including provision of catering, hotels, restaurants, rest-rooms” shall be substituted;

(iii) before clause (l), the following clause shall be inserted, namely:—

“(kk) to form one or more companies under the Companies Act, 1956 to further the efficient performance of its duties and the exercise of its powers under this Act:

Provided that the paid up share capital of every company so formed shall be held exclusively by the Corporation;”.

Amend-
ment of
section 8.

5. In section 8 of the principal Act, for the words "General Manager", wherever they occur, the words "managing director" shall be substituted.

Amend-
ment of
section 12.

6. In section 12 of the principal Act, in sub-section (2), for the words "current account", the word "account" shall be substituted.

Insertion
of new
section
15A.

7. After section 15 of the principal Act and before Chapter IV, the following section shall be inserted, namely:—

Audit of
accounts
of com-
panies
formed
by Cor-
pora-
tions.

"15A. (1) Notwithstanding anything contained in the Companies Act, 1956, the auditor of any company formed by either of the Cor-
porations under clause (kk) of sub-section (2) of section 7 shall be appointed or re-appointed by the Corporation concerned on the advice of the Comptroller and Auditor General of India.

1 of 1956.

(2) Save as otherwise provided in sub-section (1), in addition to the provisions contained in the Companies Act, 1956, relating to the audit of the accounts of any company, the following provisions shall apply to the audit of the accounts of any company referred to in sub-section (1), namely:—

1 of 1956.

(i) the Comptroller and Auditor General of India shall have power to conduct a supplementary or test audit of the company's accounts by such person or persons as he may authorise in this behalf; and for the purposes of such audit to require information to be furnished to any person or persons so authorised, on such matters, by such person or persons and in such form as the Comptroller and Auditor General may, by general or special order, direct;

(ii) the auditor appointed or re-appointed under sub-section (1) shall submit a copy of his audit report to the Comptroller and Auditor General of India who shall have the right to comment upon, or supplement, the audit report in such manner as he may think fit;

(iii) any such comments upon, or supplement to, the audit report shall be placed before the annual general meeting of the company at the same time and in the same manner as the audit report."

Amend-
ment of
section
40.

8. In section 35 of the principal Act,—

(i) in clause (a), for the words "fifteen lakhs", the words "forty lakhs" shall be substituted;

(ii) in clause (b), for the words "five years", the words "ten years" shall be substituted.

Amend-
ment of
section
40.

9. In section 40 of the principal Act, in sub-section (1), for the word "members", the word "directors" shall be substituted.

Amend-
ment of
section
41.

10. In section 41 of the principal Act,—

(a) sub-section (1) shall be omitted; and

(b) the brackets and figure "(2)" shall be omitted.

11. In section 42 of the principal Act,—

(i) in sub-section (2), for the word “members”, the word “directors” shall be substituted;

(ii) in sub-section (3), for the word “members”, the word “directors” and for the word “member”, the word “director” shall be substituted.

Amendment of section 42.

12. In section 44 of the principal Act, in sub-section (2),—

(i) in clause (a), for the words “General Managers”, the words “managing directors” shall be substituted;

(ii) in clause (f), the word “depreciation” shall be omitted.

Amendment of section 44.

13. In section 45 of the principal Act,—

(i) in sub-section (1), for the words “Each of the Corporations may, with the previous approval of the Central Government”, the words, brackets and figure “Subject to the provisions of sub-section (3), each of the Corporations may” shall be substituted;

(ii) in sub-section (2), in clause (b), for the words “General Manager”, the words “managing director” shall be substituted and after that sub-section, as so amended, the following sub-section shall be inserted, namely:—

Amendment of section 45.

“(3) No regulation under clause (b) of sub-section (2) shall be made except with the previous approval of the Central Government.”.