

THE ROAD TRANSPORT CORPORATIONS (AMENDMENT)
ACT, 1982

No. 63 OF 1982

[6th November, 1982.]

An Act further to amend the Road Transport Corporations Act, 1950

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

1. (1) This Act may be called the Road Transport Corporations (Amendment) Act, 1982.

Short
title and
com-
mence-
ment.

(2) It shall come into force on such date¹ as the Central Government may, by notification in the Official Gazette, appoint.

64 of 1950.

2. In sub-section (2) of section 1 of the Road Transport Corporations Act, 1950 (hereinafter referred to as the principal Act), after the proviso, the following proviso shall be inserted, namely:—

Amend-
ment of
section 1.

“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. For section 5 of the principal Act, the following section shall be substituted, namely:—

Substitu-
tion of
new
section for
section 5.

“5. (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.

Manage-
ment of
Corpora-
tion and
Board of
Directors.

(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.

¹13-11-1982: *vide* notification No. S.O. 802 (E), dated 13-11-1982, Gazette of India, Extraordinary, 1982, Pt. II, Sec. 3(ii).

(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 Governments 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 of and the manner of filling casual vacancies among the Directors shall be such as may be prescribed.”.

Amend-
ment of
section 6.

4. In section 6 of the principal Act,—

(a) in sub-section (1), in the opening portion, for the words “member of a Corporation”, the words “Director of a Corporation” shall be substituted;

(b) in sub-section (2), for the words “Chief Executive Officer or General Manager”, the words “Managing Director” shall be substituted and for the word “member”, the word “Director” shall be substituted;

(c) after sub-section (2), the following sub-section shall be inserted, namely:—

“(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.”.

Amend-
ment of
section 8.

5. Section 8 of the principal Act shall be re-numbered as sub-section (1) thereof, and—

(a) in sub-section (1), as so re-numbered,—

(i) in the opening portion, for the word “member”, the word “Director” shall be substituted;

(ii) in clause (b), for the word “Corporation”, the word “Board” shall be substituted;

(iii) in the proviso, for the words “member nominated”, the words “Director appointed” shall be substituted;

(b) after sub-section (1), as so re-numbered, the following sub-section shall be inserted, namely:—

“(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.”.

6. Section 12 of the principal Act shall be re-numbered as sub-section (1) thereof, and—

Amendment of section 12.

(a) in sub-section (1), as so re-numbered,—

(i) in the opening portion, for the word “Corporation”, the word “Board” shall be substituted;

(ii) in clause (a), for the words “of its members”, the words “consisting of Directors” shall be substituted;

(iii) in clause (c), for the words “Chief Executive Officer or General Manager”, the words “Managing Director” shall be substituted;

(b) after sub-section (1), as so re-numbered, the following sub-section shall be inserted, namely:—

“(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.”.

7. For section 13 of the principal Act, the following section shall be substituted, namely:—

Substitution of new section for section 13.

“13. 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.”.

Authentication of orders and other instruments.

8. In section 14 of the principal Act,—

Amendment of section 14.

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

“(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.”;

(b) in sub-section (2), for the words “such other officers and servants”, the words “a Secretary and such other officers and employees” shall be substituted;

(c) for sub-section (3), the following sub-section shall be substituted, namely:—

“(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.”.

Substitution of new section for section 15.

9. For section 15 of the principal Act, the following section shall be substituted, namely:—

Managing Director, Chief Accounts Officer and Financial Adviser.

“15. (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.

(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.”.

Insertion of new Chapter IIA.

10. In the principal Act, after Chapter II, the following Chapter shall be inserted, namely:—

“CHAPTER IIA

SUBSIDIARY CORPORATIONS

Establishment of subsidiary corporation.

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 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 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 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."

11. In section 19 of the principal Act,—

(a) in clause (e) of sub-section (2), for the words "or any other stores of scrap value", the words "any other stores of scrap value, or such other stores as may be declared to be obsolete in the prescribed manner" shall be substituted;

(b) in sub-section (5), for the words "officers and servants", the words "officers and other employees" shall be substituted.

Amendment of section 19.

Amend-
ment of
section 23.

12. In section 23 of the principal Act,—

(a) for sub-section (2), the following sub-sections shall be substituted, namely:—

“(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).”;

(b) in sub-section (3), for the words “authorised capital”, the words “authorised share capital” shall be substituted.

Substitu-
tion of
new
section for
section 26.

13. For section 26 of the principal Act, the following section shall be substituted, namely:—

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.”

5 of 1970.
40 of 1980.

63 of 1951.

15 of 1948.
18 of 1964.

31 of 1956.

5 of 1970.
40 of 1980.

14. In sub-section (2) of section 27 of the principal Act, after the words "or with the agents of the Reserve Bank of India," the words, figures and brackets "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," shall be inserted.

Amendment of section 27.

15. Every person holding office immediately before the commencement of this Act as the Chairman, Vice-Chairman or other member of a Road Transport Corporation, established under section 3 of the principal Act shall, on such commencement, be 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 as the Chairman, Vice-Chairman or other member of such Corporation, if this Act had not been enacted.

Continuance of existing members of Corporations.

16. The amendments directed in the Schedule (being of consequential nature) shall be made in the principal Act.

Consequential amendments.

THE SCHEDULE

(See section 16)

CONSEQUENTIAL AMENDMENTS

Section 2.—(a) After clause (a), insert the following:—

'(aa) "Board" means the Board of Directors of a Corporation;'

(b) after clause (b), insert the following:—

'(bb) "Director" means a member of the Board;'

Section 7.—For "member", substitute "Director".

Section 9.—For "Corporation", substitute "Corporation or its Board" and for "amongst its members", substitute "in its Board".

Section 10.—For "Corporation", wherever it occurs, substitute "Board".

Section 11.—(a) For "Corporation", wherever it occurs, substitute "Board";

(b) in sub-section (2), for "such member as may be chosen by the members present", substitute "such Director as may be chosen by the Directors present".

Section 16.—For "officer or servant", substitute "officer or other employee".

Section 24.—After "(2)", insert "(2A)".

Section 28.—(a) In sub-section (1), for "the capital of a Corporation", substitute "the whole or part of the capital of a Corporation";

(b) in sub-section (2), for "raises its capital", substitute "raises the whole or any part of its capital".

Section 37.—In sub-section (1), for "officers or servants", substitute "officers or other employees".

Section 38.—In clause (a) of sub-section (2), for “members”, wherever it occurs, substitute “Directors”.

Section 42.—For “officer or servant”, substitute “officer or other employee”.

Section 43.—For “members”, substitute “Directors” and for “officers and servants”, substitute “officers and other employees”.

Section 44.—In sub-section (2),—

(a) for clause (a), substitute the following:—

“(a) the conditions and manner of appointment of Directors of a 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;”;

(b) for clause (b), substitute the following:—

“(b) remuneration, allowances or fees paid to the Directors of the Corporation or other persons associated with the Board under section 10;”;

(c) in clause (c), for “members”, substitute “Directors”;

(d) in clause (d), for “members”, substitute “Directors” and for “Corporation”, substitute “Board”;

(e) in clause (e), for “Chief Executive Officer or General Manager and the Chief Accounts Officer”, substitute “Managing Director, the Chief Accounts Officer, the Financial Adviser or, as the case may be, the Chief Accounts Officer-cum-Financial Adviser”;

(f) after clause (f), insert the following:—

“(ff) the procedure in accordance with which any stores may be declared obsolete under sub-section (2) of section 19;”.

Section 45.—In sub-section (2),—

(a) in clauses (a) and (b), for “Corporation”, substitute “Board”;

(b) in clause (c), for “servants of the Corporation, other than the Chief Executive Officer or General Manager and the Chief Accounts Officer”, substitute “other employees of the Corporation other than the Managing Director, the Chief Accounts Officer and the Financial Adviser or, as the case may be, the Chief Accounts Officer-cum-Financial Adviser”.