

**KARNATAKA CONTRACT CARRIAGES (ACQUISITION) ACT,  
1976**

**21 of 1976**

**[18th DECEMBER, 1990]**

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**SCHEDULE 1** :-PRINCIPLES FOR DETERMINATION OF THE AMOUNT

**KARNATAKA CONTRACT CARRIAGES (ACQUISITION) ACT,  
1976**

**21 of 1976**

**[18th DECEMBER, 1990]**

STATEMENT OF OBJECTS AND REASONS [KARNATAKA ACT No. 21 OF 1976] Karnataka Gazette, Extraordinary, dated 21-2-1976 A large number of contract carriages were being operated in the State to the detriment of public interest and were also functioning stealthily as stage carriages. This had to be prevented. Article 39(b) and (c) enjoins upon the State to see that the ownership and control of the material resources of the community are so distributed as best to subserve the common good and that the operation of the economic system does not result in the concentration of wealth to the common detriment. In view of "the aforesaid it was considered necessary to acquire the contract carriages run by private operators. Accordingly the Karnataka Contract Carriages (Acquisition) Ordinance, 1976 was promulgated. The Bill seeks to replace the Ordinance.

**1. Short title, extent and commencement :-**

(1) This Act may be called the Karnataka Contract Carriages (Acquisition) Act, 1976.

(2) It extends to the whole of the State of Karnataka.

(3) It shall be deemed to have come into force on the Thirtieth day of January, 1976.

**2. Declaration :-**

It is hereby declared that this Act is for giving effect to the policy of the State towards securing the principles specified in clauses (b) and (c) of Article 39 of the Constitution of India and the acquisition therefor of the contract carriages and other property referred to in Section 4.

**3. Definitions :-**

In this Act, unless the context otherwise requires.

(a) "Acquired Property" means the vehicles and other property vesting in the State Government under Section 4;

(b) "Administrator" means an administrator appointed under Section 17;

- (c) "Amount" means the amount payable under this Act for the acquisition of the acquired property;
- (d) "Arbitrator" means an arbitrator appointed under Section 6;
- (e) "Authorised Officer" means an authorised officer appointed under Section 18;
- (f) "Award" means any award of an arbitrator appointed under Section 6;
- (h) "Contract Carriage Operator" means an operator holding one or more contract carriage permit and includes any person in whose name a public service vehicle is registered and is specified as a contract carriage in the certificate of registration of such vehicle;
- (i) "Corporation" means the Karnataka State Road Transport Corporation established under the Road Transport Corporation Act, 1950 (Central Act LXIV of 1950);
- (j) "Motor Vehicles Act" means the Motor Vehicles Act, 1939 (Central Act IV of 1939);
- (k) "Notified date" in respect of any contract carriage operator means the date specified in the notification issued under subsection (1) of Section 4 in respect of such contract carriage operator;
- (l) "Operator" means a contract carriage operator;
- (m) "Permit" means the permit granted under the Motor Vehicles Act, authorising the use of a vehicle as a contract carriage;
- (n) "Person Interested" in relation to any acquired property includes the contract carriage operator and any secured creditor or financier under a hire purchase agreement, who has a charge, lien or any interest in the acquired property and any other person who is affected by the vesting of the acquired property and claiming or entitled to claim an interest in the amount;
- (o) words and expressions used herein and not defined but defined in the Motor Vehicle Act shall have the meanings respectively assigned to them in that Act.

#### **4. Vesting of contract carriages, etc. :-**

(3) The contract carriage and other property vesting in the State Government under sub-section (1) and sub-section (2) shall, with effect on and from the notified date, be deemed to have been

acquired for a public purpose.

**5. Operators to furnish particulars :-**

(2) The contract carriage operator shall not destroy any such documents as is referred to in clauses (i) and (iii) of sub-section (1) but shall hand over to the State Government or any officer authorised by it in this behalf on the notified date all such documents and also such other documents as are necessary for ascertaining the terms of employment of the persons referred to in sub-section (3) of Section 19 and for determining the amount under this Act.

**6. Determination of the amount :-**

(2) Every award made by the arbitrator under clause (e) of sub-section (1) shall also state the amount of costs incurred in the proceedings before him and by whom and in what proportions such amount is to be paid.

**7. Notice to be given to all persons interested :-**

Reasonable notice in respect of the amount determined under Section 6 shall be given to all the persons interested.

**8. Claims for the amount :-**

(1) Any person interested claiming any amount determined under Section 6 may within sixty days from the date of receipt of any notice given under Section 7 or within such further time not exceeding thirty days as the authorised officer may in his discretion allow, prefer the claim before the authorised officer in such form and containing such particulars as may be prescribed.

(2) The authorised officer shall forward the claim made under sub-section (1) to the State Government for the payment of the amount to the person interested in the manner specified under Section 11.

**9. Amount to be substituted security in certain cases :-**

Any debt, mortgage, charge or other encumbrance or lien, trust or similar obligation or any attachment, decree or order of any Court attaching to the acquired property shall attach to the amount in substitution for the acquired property.

**10. Amount liable to deduction in certain cases :-**

(1) The Employees' Provident Fund Commissioner or the

Employees' State Insurance Corporation may send to the administrator or the arbitrator a certificate in respect of either the employer's contribution or the employee's contribution realised by the employer or any other dues recoverable from the employer under the Employees' Provident Funds and Family Pension Fund Act, 1952 (Central Act XIX of 1952) or the Employees' State Insurance Act, 1948 (Central Act XXXIV of 1948), as the case may be, in respect of any person referred to in sub-section (3) of Section 19, that the employer may have failed to pay in accordance with either of those Acts.

(4) The claims made under sub-section (1) or sub-section (2) and any dispute regarding the sum to be deducted under sub-section (3) shall be decided by the arbitrator who shall follow such procedures as may be prescribed.

### **11. Manner of payment of amount for the acquired property**

:-

(2) The first of the annual instalments referred to in clause (b) of sub-section (1) shall be paid within sixty days from the date of the agreement or award, as the case may be, referred to in Section 6.

(3) The payment of any amount to an operator under sub-sections (1) and (2), shall be subject to production of Income Tax Clearance Certificate.

(4) The amount deducted under clause (iii) of sub-section (3) of Section 10 shall be paid in cash in one lumpsum to the secured creditors with interest at the rate of twelve per cent per annum from the date of vesting of the acquired property in the Government to the date of payment and on such payment, the secured creditor shall have no right to claim from the contract carriage operator any more amount by way of interest on such amount.

(5) Notwithstanding anything contained in the foregoing sub-section, but subject to the determination of the amount under Section 6, a secured creditor may, if he executes a bond in the prescribed form, and as an interim payment, be paid such sum as the Government may consider to be the probable compensation

### **12. Appeals from awards in respect of amount :-**

Any person aggrieved by an award may, within thirty days from the date of such award, prefer an appeal to the High Court:

Provided that the High Court may entertain the appeal after the expiry of the said period of thirty days, if it is satisfied that the appellant was prevented by sufficient cause from filing the appeal in time.

**13. Arbitrator and authorised officer to have certain powers of Civil Court :-**

The arbitrator while holding arbitration proceedings under this Act and the authorised officer while deciding a dispute under Section 18 shall have all the powers of a Civil Court while trying a suit under the Code of Civil Procedure, 1908 (Central Act V of 1908), in respect of the following matters, namely.

- (a) summoning and enforcing the attendance of any person and examining him on oath;
- (b) requiring the discovery and production of any document or other material object which is produceable as evidence;
- (c) reception of evidence on affidavits;
- (d) requisitioning any public record or a copy thereof from any Court or office;
- (e) issuing commissions for the examination of or documents;
- (f) such other matters as may be prescribed.

**14. Fresh permit or renewal of the existing Permit barred :-**  
Except as otherwise provided in this Act.

(1) no person shall on or after the commencement of this Act apply for any permit or fresh permit or for renewal of an existing permit for the running of any contract carriage in the State; and

(2) every application for the grant of a permit or fresh permit or for the renewal of the existing permit and all appeals or revisions arising therefrom relating thereto made or preferred before the commencement of this Act and pending in any Court or with any officer, authority or Tribunal constituted under the Motor Vehicles Act shall abate.

**15. Transfer prohibited :-**

No person shall on or after the commencement of this Act and before the notified date transfer by way of sale or gift; any contract carriage liable to be acquired under this Act except in favour of the State Government or the Corporation, or alter, add or remove any

part, fitting or accessory. Where any transfer is made by way of sale in favour of the State Government or the Corporation, the price to be paid shall be calculated in accordance with the principles for determining the amount under this Act for such property acquired under this Act.

**16. Transfer to be void :-**

Every transfer of any contract carriage liable to be acquired under this Act in contravention of Section 15 shall be void.

**17. Administrators :-**

The State Government may appoint such number of officers as may be considered necessary as administrators to take over the acquired property and to carry out such other duties as may be assigned to them by the State Government for carrying out the purposes of this Act.

**18. Appointment of authorised officers :-**

(1) The State Government may appoint such number of officers as may be considered necessary and possessing such qualifications as may be prescribed as authorised officers for the purposes of this Act.

(2) If any dispute arises as to whether any property referred to in sub-section (2) of Section 4 was on the notified date being used for the maintenance or repair of or otherwise in connection with the service of the contract carriages, such dispute shall be decided by the authorised officer in accordance with such procedure as may be prescribed.

**19. Transfer of acquired property to the Corporation :-**

(1) The State Government shall, as soon as may be after the vesting of the acquired property under Section 4, by order transfer the whole of the said property in favour of the corporation.

(2) Where in pursuance of sub-section (1) any contract carriage is transferred to the corporation the permit if any, in respect of such contract carriage shall, notwithstanding anything in the Motor Vehicles Act, be deemed to have been transferred in favour of the corporation and such permits shall be valid for the unexpired period thereof. After expiry of the period, the corporation shall be exclusively entitled to the renewal of the permit and an application for the renewal may be made by the corporation at any time before

the expiry of the said permit and the period specified in clause (a) of sub-section (2) of Section 58 of the Motor Vehicles Act shall not apply to such application.

(4) If any question arises as to whether any person referred to in sub-section (3) was exclusively employed in connection with the acquired property immediately before the notified date, it shall be decided by the authorised officer and an appeal shall lie to the State Government against such decision within such time as may be prescribed.

(5) For the persons who immediately before the notified date were trustees for any pension, provident fund, gratuity or other like fund constituted for the persons referred to in sub-section (3), other than trustees nominated by or under any law, there shall be substituted, as trustees, such persons as the State Government may by general or special order specify.

(7) The transfer of an employee to the corporation under sub-section (3) shall not entitle any such employee to any compensation and no such claim shall be entertained by any Court, Tribunal or other authority.

(8) Save as otherwise provided in sub-section (3), the services of every person other than the persons referred to in sub-section (3) employed in connection with the acquired property immediately before the notified date shall stand terminated on and from the notified date and if any such person whose services are so terminated is entitled to any payment by way of gratuity or retirement benefit or for any leave not availed of, or for any other benefits, such person may enforce his claim against his employer under whom he was employed in connection with the acquired property immediately before the notified date but not against the corporation.

**20. Corporation to have exclusive privilege of running any contract carriage :-**

Notwithstanding anything in the Motor Vehicles Act, with effect on and from the notified date.

(2) the corporation shall be entitled, subject to the provisions of Section 24, to the grant or renewal of contract carriage permits to the exclusion of all other persons; and

(3) no officer or authority shall invite any application or entertain



any such application of persons other than the corporation for the grant of permit for the running of any contract carriage.

**21. Power to obtain information :-**

The State Government may, with a view to carrying out the proposes of this Act, by order, require any person to furnish to such officer as may be specified in the order, such information in his possession as may be specified relating to any contract carriage or other property which is acquired or is liable to be acquired under this Act.

**22. Power to enter and inspect :-**

Any officer empowered in this behalf by the State Government by general or special order may enter any premises and inspect the acquired property with a view to carrying out the purposes of this Act.

**23. Services of orders and notices :-**

(2) Where the ownership of the acquired property is in dispute or where the persons interested in the said property are not readily traceable and the order or notice cannot be served without un due delay, the order or notice may be served by publishing it in the official Gazette and, where possible, by affixing a copy thereof on any conspicuous part of the acquired property or the premises where the acquired property was ordinarily kept before the date of vesting.

**24. Exemptions :-**

Nothing contained in this Act shall apply to.

(i) any contract carriage owned, held or operated by the Central Government or any State Government or any company or other authority owned or controlled by the Central Government or any State Government;

(ii) any contract carriage owned, held or operated by or for the benefit of such institution as the State Government may for such period and subject to such terms and conditions approve;

(iii) any contract carriage owned, held or operated under permit issued by any officer or authority situate outside the State and who or which is not under the control of the State Government but subject to such conditions as the State Government may notify.

(iv) any public service vehicle including any vehicle covered by

permit issued under Section 72 (including reserved stage carriages) or under sub-section (9) of Section 88 of the Motor Vehicles Act, 1988, to which a permit under sub-section (8) of Section 88 of the said, Act is issued.

**25. Protection of action taken in good faith :-**

(1) No suit, prosecution or other legal proceeding shall lie against any person for anything which is in good faith done or intended to be done in pursuance of this Act or any rule or order made thereunder.

(2) No suit or other legal proceeding shall lie against the State Government, the administrator or any other officer for any damage caused or likely to be caused by anything which is in good faith done or intended to be done in pursuance of this Act or any rule or order made thereunder.

**26. Bar of jurisdiction of Civil Courts :-**

Save as otherwise expressly provided in this Act, no Civil Court shall have jurisdiction in respect of any matter which the State Government or an arbitrator or authorised officer is empowered by or under this Act to determine, and no injunction shall be granted by any Court or other authority in respect of any action taken or to be taken in pursuance of any power conferred by or under this Act.

**27. Penalty :-**

Whoever contravenes any provision of this Act or any rule or order made or direction given under this Act or obstructs the lawful exercise of any power conferred by or under this Act shall be punishable with fine, which may extend to two thousand rupees.

**28. Certain persons to be public servants :-**

Every arbitrator, administrator, authorised officer and every other officer empowered by the State Government, while exercising any power or performing any duty under this Act shall be deemed to be a public servant within the meaning of Section 21 of the Indian Penal Code (Central Act XLV of 1860).

**29. Overriding effect :-**

Save as otherwise provided in this Act, the provision of this Act shall have effect notwithstanding anything inconsistent therewith contained in the Motor Vehicles Act or in any other law for the time being in force. Any proceeding under Chapter IV of the Motor Vehicles Act which is pending on the date of commencement of this

Act shall abate.

**30. Power to make rules :-**

(1) The State Government may make rules for carrying out the purposes of this Act.

(3) All rules made under this Act shall be published in the official Gazette and unless they are expressed to come into force on a particular day, shall come into force on the day on which they are published.

(4) Every rule made under this Act shall as soon as possible after it is made, be placed on the table of both Houses of the State Legislature, and if, before the expiry of the session in which it is so placed or the next session, both Houses agree in making any modification in any such rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

**31. Repeal of Karnataka Ordinance No.7 of 1976 :-**

(1) The Karnataka Contract Carriages (Acquisition) Ordinance, 1976 (Karnataka Ordinance No. 7 of 1976) is hereby repealed.

**SCHEDULE 1**

**PRINCIPLES FOR DETERMINATION OF THE AMOUNT**

<b>SCHEDULE</b>		
[See Section 6]		
<b>PRINCIPLES FOR DETERMINATION OF THE AMOUNT</b>		
<b>TABLE</b>		
	<b>Period</b>	<b>Percentage</b>
	(1)	(2)
1.	Not more than six months prior to the notified date	85

2.	More than six months prior to the notified date but not exceeding one year	75
3.	More than one year but not exceeding two years	70
4.	More than two years but not exceeding three years	68
5.	More than three years but not exceeding four years	67
6.	More than four years but not exceeding five years	$66\frac{2}{3}$
7.	More than five years but not exceeding six years	59
8.	More than six years but not exceeding seven years	41
9.	More than seven years but not exceeding eight years	29
10.	More than eight years but not exceeding nine years	21
11.	More than nine years but not exceeding ten years	14
12.	More than ten years but not exceeding eleven years	10
13.	More than eleven years but not exceeding twelve years	7
14.	More than twelve years but not exceeding thirteen years	5
15.	More than thirteen years	4