

Bill No. 130 of 2013

THE CIVIL AVIATION AUTHORITY OF INDIA BILL, 2013

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Bill No. 130 of 2013

THE CIVIL AVIATION AUTHORITY OF INDIA BILL, 2013

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BILL

to provide for constitution of a Civil Aviation Authority for administration and regulation of civil aviation safety, for the better management of civil aviation safety oversight over air transport service operators, air service navigation operators and operators of other civil aviation facilities, matters relating to impact of financial stress on safety operations, consumer protection and environment regulations in civil aviation sector and for proper implementation of the provisions of the Aircraft Act, 1934 and the rules made thereunder and for matters connected therewith or incidental thereto.

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

CHAPTER I

PRELIMINARY

1. (1) This Act may be called the Civil Aviation Authority of India Act, 2013.

Short title,
extent and
commencement.

5 (2) It extends to the whole of India and it applies also—

(a) to all citizens of India wherever they may be;

(b) to aircraft, and to all persons on aircraft registered in India wherever they may be;

10 (c) to aircraft, and to all persons on aircraft registered outside India but for the time being in or over India; and

(d) to aircraft operated by a person who is not a citizen of India but has his principal place of business or permanent residence in India.

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

Definitions.

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

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(a) "aerodrome" means any definite or limited ground or water area intended to be used, either wholly or in part, for the landing or departure or surface movement of aircraft, and includes all buildings, sheds, vessels and other structure thereon or appertaining thereto;

(b) "Airports Authority of India" means the Airports Authority of India constituted under section 3 of the Airports Authority of India Act, 1994;

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55 of 1994.

(c) "air navigation service" includes air traffic management, communications, navigation and surveillance systems, meteorological services for air navigation, search and rescue and aeronautical information services provided to air traffic during approach, aerodrome and en route and all other phases of operations;

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(d) "air traffic service" includes flight information service, alerting service, air traffic advisory service, air traffic control service, area control service, approach control service and airport control service;

(e) "air transport operator" means the operator of an air transport service;

(f) "air transport service" means any service, for any kind of remuneration whatsoever, for the transport by air of persons, mails or any other thing, animate or inanimate, whether such service relates to a single flight or series of flights;

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(g) "air transport undertaking" means an undertaking whose business includes the carriage, by air, of passengers or cargo for hire or reward;

(h) "appointed day" means such date as the Central Government may, by notification in the Official Gazette, appoint;

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(i) "Authority" means the Civil Aviation Authority of India constituted under section 3;

(j) "Chairperson" means the Chairperson of the Authority appointed under clause (a) of sub-section (1) of section 4;

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(k) "Convention" means the Convention relating to International Civil Aviation signed at Chicago on the 7th day of December, 1944 and Annexes thereto relating to international standards and recommended practices;

(l) "Director-General" means Director-General of the Authority appointed under clause (b) of sub-section (1) of section 4;

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(m) "International Civil Aviation Organisation" means the International Civil Aviation Organisation created under the Convention;

(n) "Member" means a Member of the Authority appointed under clause (c) of sub-section (1) of section 4 and includes the Chairperson and the Director-General;

(o) "notification" means a notification published in the Official Gazette and the expression "notify" with its cognate meanings and grammatical variation shall be construed accordingly;

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(p) "prescribed" means prescribed by rules made under this Act;

(q) "regulations" means regulations made under this Act;

(r) "service provider" means any person who provides any service ancillary to

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air transport services for any kind of remuneration whatsoever, and includes the air traffic services, ground safety and ground handling services, aeronautical communication and navigational aids and meteorological services, but does not include services for the provision of aviation security.

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CHAPTER II

ESTABLISHMENT OF CIVIL AVIATION AUTHORITY

3. (1) With effect from the appointed day, the Central Government shall, by notification in the Official Gazette, constitute an Authority to be called the Civil Aviation Authority of India.

Constitution
of Authority.

10 **(2) The Authority shall be a body corporate by the name aforesaid having perpetual succession and a common seal, with power, subject to the provisions of this Act, to acquire, hold and dispose of property both movable and immovable, and to contract and shall by the said name sue and be sued.**

(3) The head office of the Authority shall be at New Delhi.

15 **4. (1) The Authority shall consist of —**

Composition
of Authority.

(a) a Chairperson to be appointed by the Central Government;

(b) the Director-General to be appointed by the Central Government; and

(c) not less than seven Members and not more than nine Members to be appointed by the Central Government.

20 **(2) The Director-General and not more than five other Members shall be appointed as whole-time Members and they shall not hold any other office.**

(3) The Chairperson shall be chosen from amongst persons who have special knowledge of and professional experience in civil aviation, engineering or management:

25 **Provided that a person who is or has been in the service of the Government shall not be appointed unless such person has held the post of the Secretary to the Government of India or an equivalent post in the Central Government or the State Government.**

(4) The Director-General and the whole-time Members, shall be chosen from amongst persons who have such qualification, professional experience and competence as may be prescribed in the field of—

30 (a) airworthiness and aircraft engineering;

(b) flight standard operations;

(c) aviation safety;

(d) aerodromes, air navigation systems and air space management;

35 (e) air transport, matters relating to impact of financial stress on safety of operations, consumer protection and environment regulations; and

(f) human resource and finance.

(5) The Chairperson, Director-General and other Members shall be appointed by the Central Government on the recommendation of a Selection Committee referred to in section 5.

40 **(6) The Director-General shall be the Chief Executive of the Authority.**

5. (1) The Central Government shall, for the appointment of the Chairperson, Director-General and whole-time Members, constitute a Selection Committee consisting of the following, namely:—

Constitution
of Selection
Committee.

(a) Cabinet Secretary—Chairperson;

- (b) Secretary, in the Ministry of Civil Aviation — Member;
- (c) Secretary, in the Ministry of Law and Justice — Member;
- (d) Secretary (Personnel), in the Department of Personnel and Training— Member;
- (e) one expert to be nominated by the Ministry of Civil Aviation — Member.

(2) The Central Government shall, within one month from the date of occurrence of any vacancy by reason of death, resignation or removal of the Chairperson or a Member and six months before the superannuation or end of tenure of the Chairperson or any Member, make a reference to the Selection Committee for filling up of the vacancy. 5

(3) The Selection Committee shall finalise the selection of the Chairperson, Director-General and whole-time Members within one month from the date on which the reference is made to it. 10

(4) The Selection Committee shall recommend a panel of two names for every vacancy referred to it.

(5) Before recommending any person for appointment as a Chairperson or Director-General or other Member of the Authority, the Selection Committee shall satisfy itself that such person does not have any financial or other interest, which is likely to affect prejudicially his functions as a Member. 15

(6) No appointment of the Chairperson, Director-General or other Member shall be invalid merely for reason of any vacancy in the Selection Committee.

Disqualification for office of Member. 6. A person shall be disqualified for being appointed as a Member if he— 20

(a) has been convicted and sentenced to imprisonment for an offence, which, in the opinion of the Central Government, involves moral turpitude; or

(b) is an undischarged insolvent; or

(c) is of unsound mind and stands so declared by a competent court; or

(d) has been removed or dismissed from the service of the Government or a body corporate owned or controlled by the Government; or 25

(e) has, in the opinion of the Central Government, such financial or other interest in the Authority as is likely to affect prejudicially the discharge by him of his functions as a Member.

Term of office and conditions of service of Members. 7. (1) Subject to the provisions of section 8,— 30

(a) the Chairperson, Director-General and other whole-time Member shall hold office for a term of five years from the date on which he enters upon his office:

Provided that no whole-time Member shall hold office, as such, after he attains—

(i) in case of the Chairperson, the age of sixty-five years; and

(ii) in case of the Director-General or other whole-time Members, the age of sixty-two years; 35

(b) every part-time Member shall hold office for a period of three years from the date on which he assumes office.

(2) The salary, allowances and other conditions of service of the Chairperson, Director-General and other Members shall be such as may be prescribed. 40

(3) **The salary, allowances and other conditions of service of the Chairperson, Director-General and other Members shall not be varied to his disadvantage after their appointment.**

(4) The Chairperson, Director-General or any Member may resign his office giving notice, in writing for such period, as may be prescribed, to the Central Government and, on

such resignation being notified in the Official Gazette by the Government, such Member shall be deemed to have vacated his office.

8. (1) The Central Government may, by order, remove from office the Chairperson or other Members, if the Chairperson or such other Member, as the case may be, —

Removal and
suspension
of Members.

- 5 (a) has been adjudged an insolvent; or
- (b) has been convicted of an offence which, in the opinion of the Central Government, involves moral turpitude; or
- (c) has become physically or mentally incapable of acting as a Member; or
- 10 (d) has acquired such financial or other interest, as is likely to affect prejudicially his functions as a Member; or
- (e) has so abused his position, as to render his continuance in office prejudicial to the public interest; or
- (f) has engaged at any time during his term of office in any other employment.

15 (2) The Chairperson or any other Member shall not be removed from his office except by an order of the Central Government on the ground of his proved misbehaviour or incapacity after the Central Government, has, on an inquiry, held in accordance with the procedure prescribed in this behalf by the Central Government, come to the conclusion that the Member ought on any such ground to be removed.

20 (3) The Central Government may suspend any Member in respect of whom an inquiry under sub-section (2) is being initiated or pending until the Central Government has passed an order on receipt of the report of the inquiry.

9. Any person ceasing to be a Member shall, unless disqualified under section 6 or removed under section 8, be eligible for reappointment.

Eligibility of
Member for
reappointment.

25 **10.** The Chairperson shall have powers of general superintendence and directions in the conduct of the affairs of the Authority and he shall, in addition to presiding over the meetings of the Authority, exercise and discharge such powers and functions of the Authority as may be prescribed or delegated to him by the Authority.

Powers and
functions of
Chairperson.

30 **11. (1)** The Authority shall meet at such times and places and shall observe such rules of procedure in regard to the transaction of business at its meetings (including the quorum at such meetings), as may be specified by regulations.

Meetings.

 (2) The Chairperson shall preside over the meeting of the Authority and, if for any reason he is unable to attend any meeting of the Authority, the Director-General or in his absence any other Member chosen by the Members present at the meeting shall preside at the meeting.

35 (3) All questions which come up before any meeting of the Authority shall be decided by a majority of the votes of the Members present and voting and in the event of equality of votes, the Chairperson, or in his absence the person presiding, shall have and exercise a second or casting vote.

40 **12.** No act or proceeding of the Authority shall be invalid merely by reason of—

Vacancies
not to
invalidate
proceedings
of Authority.

- (a) any vacancy in, or any defect in the constitution of the Authority; or
- (b) any defect in the appointment of a person acting as a Member of the Authority; or
- (c) any irregularity in the procedure of the Authority not affecting the merits of the case.

Authority to
work on not-
for-profit
principles.

13. The Authority shall, in the discharge of its functions under this Act, work, as far as possible, on not-for-profit principles.

CHAPTER III

FUNCTIONS, DUTIES AND POWERS OF AUTHORITY

Functions,
duties and
powers of
Authority.

14. (1) Notwithstanding anything contained in the Aircraft Act, 1934, the Authority shall be responsible for the proper implementation of the Aircraft Act, 1934 and for that purpose it shall discharge all the duties assigned to the Director-General of Civil Aviation under that Act and the rules made thereunder. 5 22 of 1934.
22 of 1934.

(2) Subject to the rules, if any, made by the Central Government in this behalf, it shall be the function of the Authority to regulate civil aviation safety, and provide for the better management of civil aviation through safety oversight of air transport operators, airport operators, air navigation service operators and providers of other civil aviation services or facilities. 10

(3) Notwithstanding anything contained in the Aircraft Act, 1934 and the rules, if any, made by the Central Government in this behalf, it shall be the duty of the Authority— 22 of 1934.
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(a) to issue licences, certificates, permits, approvals, and any other legal authority or document required to be issued under the Aircraft Act, 1934 and rules framed thereunder or necessary for the safety of civil aviation sector; 22 of 1934.

(b) to regulate the activities of air transport operators;

(c) to provide environment regulations for airports, airlines and other civil aviation activities; and 20

(d) to protect the interests of consumers under this Act or rules or regulations made thereunder.

(4) Without prejudice to the generality of the provisions contained in sub-sections (1) to (3), the Authority may— 25

(a) perform all functions and duties required to be performed by the Director-General of Civil Aviation under the Aircraft Act, 1934 and the rules made thereunder; 22 of 1934.

(b) draw up a State Safety Programme and approve safety management systems and look after their implementation in coordination with other concerned authorities;

(c) recommend to the Central Government amendments to the Aircraft Act, 1934 and the rules made thereunder for complying with the amendments to Annexes to Convention and initiate proposals for amendment to any other Act or for passing a new Act in order to give effect to an international convention or amendment to an existing convention; 30 22 of 1934.

(d) coordinate on matters relating to the International Civil Aviation Organisation with all agencies and send replies to the letters of signatory States to the Convention, and take all necessary action arising out of the Safety Oversight Audit Programme of the International Civil Aviation Organisation in consultation with the Ministry of Civil Aviation; 35

(e) cooperate with national civil aviation authorities of other countries and work on cooperative programmes at regional and global level in consultation with the Ministry of Civil Aviation; 40

(f) act as main agency for implementing provisions in India of Annex 9 to the Convention and coordinating matters relating to facilitation at Indian airports including meetings of the National Facilitation Committee; 45

(g) render advice to the Central Government on matters relating to air transport including bilateral air services agreements, matters relating to the International Civil Aviation Organisation and generally on all technical matters relating to civil aviation;

5 (h) coordinate and regulate Indian air space at national level including all aviation matters relating to civil and military coordination such as flexi-use of air space by civil and military air traffic and interact at regional and global levels including the International Civil Aviation Organisation for issues relating to Indian air space management;

10 (i) provide safety oversight of air navigation services in the Indian air space and the assigned oceanic air space;

(j) provide safety oversight of aviation related meteorological services;

(k) exercise regulatory power over foreign registered aircraft;

22 of 1934. (l) prepare and update Aeronautical Information Publications under the rules made under the Aircraft Act, 1934;

15 (m) keep a check on aircraft noise and engine emissions in accordance with Annex 16 to the Convention and collaborate with the environmental agencies in this matter;

(n) encourage indigenous design and manufacture of aircraft and aircraft components by acting as catalytic agent;

20 (o) establish training institutions for the training of civil aviation personnel, including its own officers and employees;

25 (p) carry out analysis of traffic data and prepare reports on the overall aviation developments in the country, make projections for international and domestic traffic as well as projection of aircraft demand in India, and assist airline and airport operators to draw up their expansion plans;

(q) issue directions on subjects covered by the above functions, duties and powers;

22 of 1934. 30 (r) take all such steps as may be necessary or convenient for, or may be incidental to, the exercise of any power or the discharge of any function conferred or imposed on it by this Act, the Aircraft Act, 1934 and rules framed thereunder;

(s) carry out any other function, duty and responsibility which may be entrusted to it by the Central Government; and

35 (t) lay down standards of quality of service to be provided by the air transport operators, air traffic service providers and air transport service providers, and monitor and enforce the set performance standards relating to quality, reliability and continuity of service.

(5) The Authority, for the purpose of enabling it to efficiently discharge its functions under this Act, may—

40 (a) create posts of officers and other employees, as it considers necessary with the prior approval of the Central Government;

(b) select and appoint personnel necessary to carry out the functions and duties of the Authority;

45 (c) obtain the services of consultants, advisors, attorneys and agents as shall be necessary to carry out the functions of the Authority by engaging them on contract basis and provide for their remuneration consistent with industry standards in India:

Provided that the salary, allowances and other terms and conditions of service of the officers and employees of the Authority other than those referred to in clause (c)

above shall be the same as that of the officers and employees of the Central Government.

(6) While discharging its functions and duties under sub-sections (1) to (5), the Authority shall not act against the interest of the sovereignty and integrity of India, the security of the State, friendly relations with foreign States, public order, decency or morality. 5

(7) The Authority shall ensure good governance including transparency and fairness while exercising its powers and discharging its functions, *inter alia*, by—

(a) holding due consultations with stake-holders as may be appropriate including setting up of user council;

(b) allowing stake-holders to make their submissions to it; and 10

(c) making its decisions fully documented and explained.

Powers of
Authority to
call for
information,
conduct
investigations,
etc.

15. (1) Where the Authority considers it expedient so to do, it may by order in writing,—

(a) call upon any air transport operator or service provider at any time to furnish in writing such information, including financial data, or explanation relating to its functions as the Authority may require; 15

(b) appoint one or more persons to make an inquiry in relation to the affairs of any air transport operator or service provider; and

(c) direct any of its officers or employees to inspect the books of account or other documents of any air transport operator or service provider. 20

(2) Where any inquiry in relation to the affairs of any air transport operator or service provider has been undertaken under sub-section (1) —

(a) every office of the Government Department, if such operator or service provider is a Department of the Government; or

(b) every director, manager, secretary or other officer, if such operator or service provider is a company; or 25

(c) every partner, manager, secretary or other officer, if such operator or service provider is a firm; or

(d) every other person or body of persons who has had dealings in the course of business with any of the persons mentioned in preceding clause (b) or clause (c), 30

shall be bound to produce before the Authority making the inquiry, all such books of account or other documents in his custody or power relating to, or having a bearing on the subject matter of such inquiry and also to furnish to the Authority with any such statement or information relating thereto, as the case may be, required of him, within such time as may be specified. 35

(3) Every air transport operator or service provider shall maintain such books of account or other documents as may be specified by regulations.

(4) The Authority shall have the power to issue such directions to monitor the performance of the air transport operators or any service provider, as it may consider necessary for proper functioning by such operator or service provider. 40

Power of
Authority to
issue
directions.

16. The Authority may, for the purpose of discharge of any of its functions and duties under this Act, issue from time to time to the air transport operators or to any other service providers such directions as it may consider necessary.

Power of
seizure.

17. The Authority or any other officer specially authorised by it in this behalf may enter any building or place where the Authority has reason to believe that any document relating to the subject matter of the inquiry may be found, and may seize any such document 45

2 of 1974. or take extracts or copies therefrom subject to the provisions of section 100 of the Code of Criminal Procedure, 1973 in so far as they may be applicable.

CHAPTER IV

PROPERTY AND CONTRACT

5 **18. (1)** On and from the appointed day, there shall be transferred to and vest in the Authority—

Transfer of assets and liabilities of Central Government to Authority.

(a) all properties and other assets including the equipment and facilities vested in the Central Government and administered by the Director-General of Civil Aviation immediately before the appointed day;

10 (b) all properties and other assets vested in the Central Government, for the purposes of the regional and sub-regional offices or any other offices, administered by the Director-General of Civil Aviation immediately before the appointed day;

(c) all residential buildings owned by the Central Government for use by the Director-General of Civil Aviation immediately before the appointed day .

15 (2) All debts, obligations and liabilities incurred, all contracts entered into, and all matters and things engaged to be done by, with, or for the Central Government immediately before the appointed day for or in connection with the purposes of the Directorate-General of Civil Aviation shall be deemed to have been incurred, entered into and engaged to be done by, with or for the Authority.

20 (3) All non-recurring expenditure incurred by the Central Government for or in connection with the purposes of the Directorate-General of Civil Aviation up to the appointed day and declared to be capital expenditure by the Central Government shall subject to such terms and conditions as may be prescribed, be treated as capital provided by the Central Government to the Authority.

25 (4) All sums of money due to the Central Government in relation to any activities or purposes of the Directorate-General of Civil Aviation immediately before the appointed day shall be deemed to be due to the Authority.

30 (5) All suits and other legal proceedings instituted or which could have been instituted by or against the Central Government immediately before such date for any matter in relation to any activities or purposes of the Directorate-General of Civil Aviation may be continued or instituted by or against the Authority.

35 (6) If any dispute or doubt arises as to which of the properties, rights or liabilities of the Central Government have been transferred to the Authority or as to which of the employees serving under the Director-General of Civil Aviation are to be treated as on deputation with the Authority under this section, such dispute or doubt shall be decided by the Central Government in consultation with the Authority and the decision of the Central Government thereon shall be final.

40 (7) Every employee holding any office under the Director-General of Civil Aviation immediately before the commencement of this Act shall be treated as on deputation with the Authority but shall hold his office in the Authority by the same tenure and upon the same terms and conditions of service as respects remuneration, leave, provident fund, retirement or other terminal benefits as he would have held such office if the Authority had not been constituted and shall continue to do so for a period of three years or until the Authority duly absorbs such employee in its regular service, whichever is earlier:

45 Provided that such period of three years may be extended in special cases:

Provided further that during the period of deputation of any such employee with the Authority, the Authority shall pay the Central Government in respect of every such employee, such contribution toward his or her leave, salary, pension and gratuity as the Central Government may, by order, determine:

Provided also that any such employee, who has, in respect of the proposal of the Authority to absorb him in regular service, intimated within such time as may be specified in this behalf by the Authority his intention of not becoming a regular employee of the Authority, shall not be absorbed by the Authority.

(8) Notwithstanding anything contained in the Industrial Disputes Act, 1947 or in any other law for the time being in force, the absorption of any employee by the Authority in its regular service under this section shall not entitle such employee to any compensation under that Act or any other law for the time being in force and no such claim shall be entertained by any court, tribunal or other authority. 5 14 of 1947.

Contracts by
Authority.

19. Subject to the provisions of section 20, the Authority shall be competent to enter into and perform any contract necessary for the discharge of its functions under this Act. 10

Mode of
executing
contracts on
behalf of
Authority.

20. (1) Every contract shall, on behalf of the Authority, be made by the Director-General or such other Member or such officer of the Authority as may be generally or specially empowered in this behalf by the Authority and such contracts or class of contracts as may be specified by the regulations shall be sealed with the common seal of the Authority: 15

Provided that no contract exceeding such value or amount as the Central Government may, from time to time, by order, fix in this behalf, shall be made unless it has been previously approved by the Authority:

Provided further that no contract for the acquisition or sale of immovable property or for the lease of any such property for a term exceeding thirty years and no other contract exceeding such value or amount as the Central Government may, from time to time, by order, fix in this behalf shall be made unless it has been previously approved by the Central Government. 20

(2) Subject to the provisions of sub-section (1), the form and manner in which any contract shall be made under this Act shall be such as may be specified by regulations. 25

(3) No contract, which is not in accordance with the provisions of this Act and the regulations, shall be binding on the Authority.

CHAPTER V

FINANCE, ACCOUNTS AND AUDIT

Power of
Authority to
levy fees and
charges.

21. (1) The Authority may, collect fees and charges chargeable under the Aircraft Act, 1934, the rules and regulations made, requirements issued and the services provided thereunder, which at present are being collected by the Directorate- General of Civil Aviation. 30 22 of 1934.

(2) The Authority, for functions not covered under sub-section (1), may make regulations, with the previous approval of the Central Government to levy fees or charges—

(a) for safety oversight function of air navigation services including the certification of its equipment on the basis of a percentage of revenue collected by air navigation provider; 35

(b) for safety of, from, the passengers;

(c) for safety oversight function and surveillance inspections of air transport operators including cargo operators, airport and aerodrome operators, the operators providing ground safety services and meteorological services; 40

(d) for the use and employment by persons of facilities and other services provided by the Authority;

(e) for the sale of aeronautical publications; and

(f) for any other service provided by the Authority. 45

Explanation.— The levy of fees or charges under this section shall not apply to operations of aircraft belonging to any armed force of the Union and to any aircraft belonging to the said force.

5 **22. The Central Government may, after due appropriation made by Parliament by law in this behalf,—**

Additional capital and grant to Authority by Central Government.

(a) provide any capital that may be required by the Authority for the discharge of its functions under this Act or for any purpose connected therewith on such terms and conditions as that Government may determine;

10 (b) pay to the Authority, on such terms and conditions as the Central Government may determine, by way of loans or grants such sums of money as that Government may consider necessary for the efficient discharge by the Authority of its functions under this Act.

23. (1) There shall be constituted a Fund to be called the "Civil Aviation Authority of India Fund" and there shall be credited thereto—

Fund of Authority and its investment.

15 (a) all grants made to the Authority by the Central Government under section 23;

(b) all fees and charges received by the Authority under this Act; and

(c) all sums received by the Authority from such other sources as may be approved by the Central Government.

20 **(2) The Fund may be applied for meeting—**

(a) the salaries, allowances and other remuneration of the Chairperson, Director-General, other Members, officers and other employees of the Authority;

(b) the other expenses of the Authority in connection with the discharge of its functions and for purposes of this Act.

25 **(3) All moneys standing at the credit of the Authority which cannot immediately be applied as provided in sub-section (2), shall be—**

(a) deposited in the State Bank of India or any such Scheduled bank or banks other than public financial institutions subject to such conditions as may from time to time be specified by the Central Government; and

30 (b) invested in the securities of the Central Government or in such manner as may be prescribed.

2 of 1934. *Explanation.*— In this sub-section "Scheduled bank" has the same meaning as in clause (e) of section 2 of the Reserve Bank of India Act, 1934.

35 **24. (1) The Authority may from time to time set apart such amounts as it thinks fit as a reserve fund or funds for the purpose of enhancing safety-related services, functions or facilities or for the purpose of providing against any temporary decrease of revenue or increase of expenditure from transient causes or for purpose of replacement or for meeting expenditure arising from loss or damage from fire, cyclone, air-crash or other accident or for meeting any liability arising out of any act or omission in the discharge of its functions under this Act:**

Allocation of surplus funds.

Provided that without prejudice to the right of the Authority to establish specific reserve for one or more specific purposes, the Authority shall also have the power to establish a general reserve:

45 **Provided further that the sums set apart annually in respect of each or any of the specific and general reserves and the aggregate at any time of such sums shall not exceed such limits, as may, from time to time, be fixed in that behalf by the Central Government.**

	(2) After making provision for such reserve fund or funds and for bad and doubtful debts, depreciation in assets and all other matters which are usually provided for by companies registered and incorporated under the Companies Act, 1956, the Authority shall pay the balance of its annual net profits to the Central Government.	1 of 1956.
Budget.	25. The Authority shall prepare, in such form and at such time in each financial year as may be prescribed its budget for the next financial year, showing the estimated receipts and expenditure of the Authority and forward the same to the Central Government for information.	5
Accounts and audit.	26. (1) The Authority shall maintain proper accounts and other relevant records and prepare an annual statement of accounts in such form as may be prescribed by the Central Government in consultation with the Comptroller and Auditor-General of India. (2) The accounts of the Authority shall be audited by the Comptroller and Auditor-General of India at such intervals as may be specified by him. (3) The Comptroller and Auditor-General of India and any person appointed by him in connection with the audit of the accounts of the Authority under this Act shall have the same rights, privileges and authority in connection with such audit, as the Comptroller and Auditor-General of India generally has, in connection with the audit of the Government accounts and, in particular, shall have the right to demand the production of books, accounts, connected vouchers and other documents and papers and to inspect any of the offices of the Authority. (4) The accounts of the Authority, as certified by the Comptroller and Auditor-General of India or any other person appointed by him in this behalf, together with the audit report thereon, shall be forwarded annually to the Central Government and the Central Government shall cause the same to be laid before each House of Parliament.	10 15 20
Furnishing of returns, etc., to Central Government.	27. (1) The Authority shall furnish to the Central Government, at such time and in such form and manner as may be prescribed or as the Central Government may direct, such returns and statements and such particulars in regard to any matter under the jurisdiction of the Authority, as the Central Government may, from time to time, require. (2) The Authority shall prepare, once every year, in such form and at such time as may be prescribed, an annual report, giving a summary of its activities during the previous year and copies of the report shall be forwarded to the Central Government. (3) A copy of the report received under sub-section (2) shall be laid by the Central Government, as soon as may be after it is received, before each House of Parliament.	25 30
CHAPTER VI		
OFFENCES AND PENALTIES		
Punishment for non-compliance of orders or directions under this Act.	28. Whoever fails to comply with any order or direction given under this Act, or contravenes, or attempts to contravene or abets the contravention of the provisions of this Act or of any rules or regulations made thereunder shall be punishable with fine which may extend to one lakh rupees and in the case of a second or subsequent offence with fine which may extend to two lakh rupees and in the case of a continuing contravention with an additional fine which may extend to four thousand rupees for every day during which the default continues.	35 40
Punishment for non-compliance with order of Authority.	29. If any person wilfully fails to comply with an order or direction of the Authority, passed under Chapter III he shall be punishable with fine which may extend to one lakh rupees and, in the case of a second or subsequent offence, with fine which may extend to two lakh rupees and in the case of a continuing failure, with an additional fine which may extend to four thousand rupees for every day during which such failure continues.	45

30. (1) Where an offence under this Act has been committed by a company, every person who, at the time the offence was committed, was in charge of, and was responsible to the company for the conduct of, the business of the company, as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Offences by companies.

Provided that nothing contained in this sub-section shall render any such person liable to any punishment provided in this Act, if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.

(2) Notwithstanding anything contained in sub-section (1), where an offence under this Act has been committed by a company, and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly.

Explanation.— For the purposes of this section,—

(a) "company" means any body corporate and includes a firm or other association of individuals; and

(b) "director" means a whole-time director of the company and in relation to a firm, means a partner in the firm.

31. (1) Where an offence under this Act has been committed by any Department of Government or any of its undertakings, the Head of the Department or its undertakings shall be deemed to be guilty of an offence and shall be liable to be proceeded against and punished accordingly unless he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.

Offences by Government Department.

(2) Notwithstanding anything contained in sub-section (1), where an offence under this Act has been committed by any Department of Government or its undertakings and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part, of any officer, other than the Head of the Department, or its undertakings such officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

32. (1) The Authority shall, for the purpose of compounding the offences constitute a Committee consisting of such Members of Authority, as the Chairperson may deem fit, to be headed by the senior most Member in the Committee and the decision of the Committee shall be by majority and in case of equality of votes of Members in Committee, the view taken by the Chairperson shall be final.

Compounding of offences.

(2) The Committee referred to in sub-section (1) shall, before the court has taken the cognizance of the offence, having regard to the circumstances in which an offence was committed under this Act or under the Aircraft Act, 1934, compound the offences, for a sum not exceeding fifty per cent. of the maximum fine provided for the offence under this Act or as the case may be under the Aircraft Act, 1934, or the rules made thereunder.

(3) No court shall take cognizance of an offence where the offence has been compounded under sub-section (2) and the offender has deposited the compounding amount with the Central Government.

(4) Where the court has taken cognizance of the offence, the Committee referred to in sub-section (1), may compound an offence under this Act or the Aircraft Act, 1934 at any time before judgment is delivered, after having obtained the consent of the court and the court shall, after the offender deposits the compounding amount with the Central Government, discharge the offender.

CHAPTER VII

MISCELLANEOUS

Directions by Central Government to Authority.	33. (1) In discharge of its functions, the Authority shall be guided by such directions in the matter of policy involving public interest as the Central Government may give to it in writing.	5
	(2) If any question arises as to whether any such direction relates to a matter of policy involving public interest, the decision of the Central Government thereon shall be final.	
Bar of jurisdiction.	34. No civil court shall have jurisdiction in respect of any matter, which the Authority is empowered by or under this Act to determine.	10
Protection of action taken in good faith.	35. No suit, prosecution or other legal proceedings shall lie against the Central Government or the Authority or any Member, officer or other employee thereof for anything which is in good faith done or intended to be done under this Act or the rules and regulations made thereunder.	
Appeals.	36. If any person is aggrieved by an order or direction passed or issued by the Authority, or any of its Members, or officers in its name, in the exercise of the power conferred by this Act or delegated to him under the Aircraft Act, 1934, he may prefer an appeal to the Central Government within such period, in such manner and on payment of such fee as may be prescribed.	15 22 of 1934.
Exemption from certain taxes.	37. Notwithstanding anything contained in the Wealth-tax Act, 1957, the Income-tax Act, 1961, or any other enactment for the time being in force relating to tax on wealth, income, services, or gains, the Authority shall not be liable to pay wealth-tax, income-tax, service tax or any other tax in respect of their wealth, income, services, or gains derived.	20 27 of 1957. 43 of 1961.
Cognizance of offences.	38. No court shall take cognizance of an offence punishable under this Act, except upon a complaint in writing made by the Authority or by any officer of the Authority duly authorised by the Authority for this purpose.	25
Delegation of powers.	39. The Authority may, by general or special order in writing, delegate to the Chairperson or any Member or officer of the Authority, subject to such conditions and limitations, if any, as may be specified in the order, such of its powers and functions under this Act (except the power to compound offences and the power to make regulations), as it may deem necessary.	30
Power of Central Government to supersede Authority.	40. (1) If, at any time, the Central Government is of the opinion— (a) that on account of a grave emergency, the Authority is unable to discharge the functions and duties imposed on it by or under the provisions of this Act; or (b) that the Authority has persistently made default in complying with any direction issued by the Central Government under this Act or in the discharge of the functions and duties imposed on it by or under the provisions of this Act and as a result of which default, the financial position of the Authority or the safety of civil aviation has deteriorated; or (c) that other circumstances exist which render it necessary in the public interest so to do, the Central Government may, by notification, supersede the Authority for such period, not exceeding six months, as may be specified in the notification: Provided that before issuing a notification under this sub-section for the reasons mentioned in clause (b), the Central Government shall give a reasonable opportunity to the Authority to show cause as to why it should not be superseded and shall consider the explanations and objections, if any, of the Authority.	35 40 45

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

(a) all the Members shall, as from the date of supersession, vacate their offices as such;

5 (b) all the powers, functions and duties which may, by or under the provisions of this Act, be exercised or discharged by or on behalf of the Authority, shall until the Authority is re-constituted under sub-section (3), be exercised and discharged by such person or persons as the Central Government may direct;

10 (c) all property owned or controlled by the Authority shall, until the Authority is re-constituted under sub-section (3), vest in the Central Government.

(3) On the expiration of the period of supersession specified in the notification issued under sub-section (1), the Central Government may re-constitute the Authority by fresh appointment and in such case the Members who vacated their offices under clause (a) of sub-section (2) shall not be deemed to be disqualified for appointment:

15 Provided that the Central Government may, at any time before the expiration of the period of supersession as specified under sub-section (1) take action under this sub-section.

20 (4) The Central Government shall cause a notification issued under sub-section (1) and a full report of any action taken under this section and the circumstances leading to such action to be laid before both Houses of Parliament at the earliest opportunity.

41. The provisions of this Act shall be in addition to, and not in derogation of, the provisions of any other law for the time being in force.

42. (1) The Central Government may, by notification, make rules for carrying out the provisions of this Act.

Application
of other laws
not barred.
Power to
make rules.

25 (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 qualification, professional experience and competence of the Director-General and the whole-time Members under sub-section (4) of section 4;

30 (b) the salary, allowances and the other conditions of service of the Chairperson, Director-General and other Members under sub-section (2) of section 7;

(c) the period of giving notice for resignation from office by the Chairperson, Director-General or any Member under sub-section (4) of section 7;

(d) the procedure for inquiry for removal of the Chairperson or other Member under sub-section (2) of section 8;

35 (e) other powers and functions of the Chairperson under section 10;

(f) rules subject to which the Authority shall perform its functions under sub-section (2) of section 14;

(g) rules subject to which the Authority shall perform its duties under sub-section (3) of section 14;

40 (h) the terms and conditions subject to which all non-recurring expenditure incurred by the Central Government for or in connection with the purposes of the Directorate-General of Civil Aviation to be treated as capital provided by the Central Government to the Authority under sub-section (3) of section 18;

45 (i) manner of investing the moneys under clause (b) of sub-section (3) of section 23;

(j) the form in which and the time at which in each financial year, the Authority shall prepare its budget under section 25;

(k) the form in which accounts and other relevant records shall be maintained and the annual statement of accounts shall be prepared by the Authority under sub-section (1) of section 26;

5

(l) the time at which and the form and manner in which the returns and statements shall be furnished by the Authority under sub-section (1) of section 27;

(m) the form in which and the time at which the annual report, shall be prepared by the Authority under sub-section (2) of section 27;

(n) the period within which, the manner in which and the fee on payment of which appeal may be preferred under section 36;

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(o) any other matter which is to be, or may be, prescribed, or in respect of which provision is to be made by rules.

(3) The rules made under the Aircraft Act, 1934, in so far as they are not inconsistent with the provisions of this Act or the rules made thereunder, shall continue to be in force till the Central Government makes rules or, as the case may be, the Authority makes regulations under this Act on the same subject.

22 of 1934.

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Power to
make
regulations.

43. (1) The Authority may, by notification, may make regulations, not inconsistent with this Act and the rules made thereunder, to carry out the provisions of this Act.

(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:—

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(a) the times and places of meetings of the Authority and the procedure to be followed at such meetings under sub-section (1) of section 11 for the transaction of business by the Authority including the quorum necessary for the meeting;

(b) the books of account or other documents which are required to be maintained by every air transport operator or service operator under sub-section (3) of section 15;

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(c) the contracts or class of contracts which shall be sealed with the common seal of the Authority under sub-section (1) of section 20;

(d) the form and manner in which any contract shall be made under sub-section (2) of section 20;

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(e) levy of fees and charges under sub-section (2) of section 21; and

(f) any other matter which under the provisions of this Act is required to be, or may be, specified by regulations.

Rules and
regulations to
be laid before
Parliament.

44. Every rule made by the Central Government, and every regulation made by the Authority under this Act shall be laid, as soon as may be after it is made, before each House of Parliament while it is in session for a total period of thirty days, which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or regulation or both Houses agree that the rule or regulation should not be made, the rule or regulation 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 or regulation.

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Amendment
of Act 22 of
1934.

45. In the Aircraft Act, 1934, in section 2, after sub-section (2A), the following sub-section shall be inserted, namely:—

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'(2B) "Director-General of Civil Aviation" means Director-General appointed under section 4 of the Civil Aviation Authority of India Act, 2013;'.
 5

46. (1) If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order published in the Official Gazette, make such provisions, not inconsistent with the provisions of this Act, as may appear to it to be necessary for removing the difficulty:

Power to
remove
difficulty.

Provided that no order shall be made under this section after the expiry of two years from the date of commencement of this Act.

(2) Every order made under this section shall be laid, as soon as may be after it is made, before each House of Parliament.
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STATEMENT OF OBJECTS AND REASONS

Directorate General of Civil Aviation, an attached office of the Ministry of Civil Aviation (hereinafter referred to as Directorate) is the safety regulator in the field of civil aviation in India and is responsible for formulation, implementation, enforcement and monitoring of stipulated standards and regulations of air transport services to, from and within India, air safety, airworthiness and coordination of regulatory functions with the International Civil Aviation Organisation. Directorate with Delhi as its Headquarter is assisted by its regional offices in carrying out its responsibility and functions.

2. The functioning of Directorate was audited by International Civil Aviation Organisation in October 2006 under Universal Safety Oversight Audit Program and the Federal Aviation Administration of United States of America under International Aviation Safety Assessment Program in March 2009. International Civil Aviation Organisation and Federal Aviation Administration audits pointed out severe deficiencies in the Directorate set up, such as inadequacy of staff, 40% of posts lying vacant, role of other Ministries in creation and hiring of personnel, etc., and as a result there was even a risk of Directorate / India being downgraded to Category II level from Category I level with consequences on limitation of operations of Indian Carriers to USA. Both International Civil Aviation Organisation Audit Report and Federal Aviation Administration – International Aviation Safety Assessment Program Report pointed out the need for an effective organisational structure of Directorate with administrative and financial flexibility to carry out safety oversight work. The International Civil Aviation Organisation visited Directorate on a Validation Mission in December, 2012 to review the implementation of the recommendations made during the audit conducted in 2006. The Law Committee on Review and Restructuring of Directorate also commented upon the unsatisfactory situation of Directorate and recommended for appropriate level of administrative and financial autonomy.

3. Keeping in view the above, a need was felt to set up a Civil Aviation Authority having administrative and financial flexibility to regulate the Civil Aviation sector under overall oversight of the Ministry of Civil Aviation. The proposed legislation seeks to establish a Civil Aviation Authority with administrative and financial flexibility and legal status of a separate entity for effective civil aviation safety oversight capabilities over air transport service operators, air service navigation operators and operators of other civil aviation facilities, development and standardisation of civil aircraft and aeronautics, provision of certain economic regulations, consumer protection and environment regulation in civil aviation sector and for matters connected therewith or incidental thereto.

4. The Civil Aviation Authority Bill, 2013 provides for establishment of the Civil Aviation Authority comprising of a Chairperson, Director-General, who will also act as Chief Executive Officer of the Civil Aviation Authority and not less than seven and not more than nine Members representing various technical areas such as airworthiness, air safety, etc., out of which, not more than five members shall be on a whole-time basis. The Authority shall work on not-for-profit principles. Major functions of the Civil Aviation Authority both, financial and administrative includes—

(a) to regulate civil aviation safety, and provide for the better management of civil aviation through safety oversight of air transport operators, airport operators, air navigation service operators and providers of other civil aviation services or facilities;

(b) to protect the interests of consumers under the proposed legislation or rules or regulations made thereunder;

(c) to draw up a State Safety Programme and approve safety management systems and look after their implementation in coordination with other concerned authorities;

(d) to coordinate on matters relating to the International Civil Aviation Organisation with all agencies and send replies to the letters of signatory States to the Convention and take all necessary action arising out of the Safety Oversight Audit Programme of the International Civil Aviation Organisation in consultation with the Ministry of Civil Aviation;

(e) to levy fees and charges chargeable under the Aircraft Act, 1934;

(f) the Authority shall be responsible for the proper implementation of the Aircraft Act, 1934 and for that purpose it shall discharge all the duties assigned to the Director General of Civil Aviation under that Act.

5. The Bill seeks to achieve the above objects.

NEW DELHI;
The 6th August, 2013.

AJIT SINGH.

PRESIDENT'S RECOMMENDATION UNDER ARTICLE 117 OF THE CONSTITUTION
OF INDIA

**[Copy of letter No. A.60015/119/2010-DG, dated 6 August, 2013 from Shri Ajit Singh,
Minister of Civil Aviation to the Secretary-General, Lok Sabha]**

The President having been informed of the subject matter of the proposed Civil Aviation Authority of India Bill recommends the introduction of the Bill in the House under article 117 (1) and consideration of the Bill under article 117 (3) of the Constitution.

Notes on Clauses

Clause 1.— This clause seeks to provide for the short title, extent and commencement of the proposed legislation.

Clause 2.— This clause defines certain words and expressions used in the proposed legislation.

Clause 3.— This clause seeks to provide for the constitution of the Civil Aviation Authority of India.

Clause 4.— This clause provides for the composition of the Authority. It further provides that the Authority shall consist of a Chairperson, a Director-General and not less than seven Members and not more than nine Members. It also provides that the Director-General and five Members as whole-time Members.

Clause 5.— This clause seeks to provide for the constitution of a Selection Committee which shall finalise the selection of the Chairperson, Director-General and whole-time Members.

Clause 6.— This clause provides for the disqualification for the office of Member.

Clause 7.— This clause provides for the term of office and conditions of service of the Chairperson, Director-General and Members.

Clause 8.— This clause provides for the removal and suspension of Members.

Clause 9.— This clause contains provisions regarding the eligibility of a Member for re-appointment.

Clause 10.— This clause provides the powers and functions of the Chairperson.

Clause 11.— This clause lays down the provisions regarding the meetings of the Authority.

Clause 12.— This clause provides that vacancies etc. shall not invalidate the proceedings of the Authority.

Clause 13.— This clause seeks to provide for the Authority to work on not-for-profit principles.

Clause 14.— This clause provides for the functions, duties and powers of the Authority.

Clause 15.— This clause seeks to provide for the powers of the Authority to call for information, conduct investigations, etc.

Clause 16.— This clause contains provisions regarding the powers of the Authority to issue directions.

Clause 17.— This clause provides that the Authority or any other officer specially authorised by it in this behalf may enter any building or place where the Authority has reason to believe that any document relating to the subject matter of the inquiry may be found, and may seize any such document or take extracts or copies therefrom.

Clause 18.— This clause provides provisions regarding the transfer of assets and liabilities of the Central Government to Authority.

Clause 19.— This clause seeks to provide that the Authority shall be competent to enter into and perform contracts necessary for the discharge of its functions.

Clause 20.— This clause provides the mode of executing contracts on behalf of the Authority.

Clause 21.—This clause provides for the powers of the Authority to levy fees and charges under the Aircraft Act, 1934.

Clause 22.—This clause seeks to provide provisions for additional capital and grant to the Authority by the Central Government.

Clause 23.—This clause provides for the constitution of the Civil Aviation Authority of India Fund and its investment.

Clause 24.—This clause seeks to provide for the allocation of surplus fund for setting a reserve fund or funds for the purpose of enhancing the safety related services or for meeting any liability arising out of any act or omission in the discharge of its functions by the Authority.

Clause 25.—This clause provides for the preparation of the Budget of the Authority.

Clause 26.—This clause seeks to provide that the Authority shall maintain proper accounts and other relevant records and prepare an annual statement of accounts. This clause also seeks to provide that the accounts of the authority shall be audited by the Comptroller and Auditor-General of India.

Clause 27.—This clause provides that the Authority shall furnish to the Central Government, such returns and statements and such particulars in regard to any matter under the jurisdiction of the Authority, as the Central Government may, from time to time, require. This clause also provides that the Authority shall prepare an annual report, and copies of the report shall be forwarded to the Central Government. This clause further provides that a copy of the report shall be laid by the Central Government before each House of Parliament.

Clause 28.—This clause provides for the punishment for non-compliance of orders or directions under the proposed legislation and for contravention of the provisions of the proposed legislation or any rules or regulations made thereunder.

Clause 29.—This clause seeks to provide for the punishment for non-compliance with an order or direction of the Authority, passed under Chapter III of the proposed legislation.

Clause 30.—This clause makes provisions regarding the offences by companies.

Clause 31.—This clause contains provisions with regard to the offences by the Government Department.

Clause 32.—This clause provides for the compounding of offences.

Clause 33.—This clause provides that, in discharge of its functions, the Authority shall be guided by such directions in the matter of policy involving public interest as the Central Government may give to it in writing.

Clause 34.—This clause provides that no civil court shall have jurisdiction in respect of any matter, which the Authority is empowered by or under the proposed legislation to determine.

Clause 35.—This clause seeks to provide that no suit, prosecution or other legal proceedings shall lie against the Central Government or the Authority or any Member, officer or other employee thereof for anything which is in good faith done or intended to be done under the proposed legislation or the rules and regulations made thereunder.

Clause 36.—This clause makes provision for preferring appeal before the Central Government against an order or direction passed or issued by the Authority, or any of its Members, or officers in its name.

Clause 37.—This clause provides that notwithstanding anything contained in the Wealth-tax Act, 1957, the Income-tax Act, 1961, or any other enactment for the time being in

force relating to tax on wealth, income, services, or gains, the Authority shall not be liable to pay wealth-tax, income-tax, service tax or any other tax in respect of their wealth, income, services, or gains derived.

Clause 38.—This clause seeks to provide that, no court shall take cognizance of an offence punishable under the proposed legislation, except upon a complaint in writing made by the Authority or by any officer of the Authority duly authorised by the Authority for this purpose.

Clause 39.—This clause provides that, the Authority may, by general or special order in writing, delegate to the Chairperson or any Member or officer of the Authority, subject to such conditions and limitations, if any, as may be specified in the order, such of its powers and functions under the proposed legislation (except the power to compound offences and the power to make regulations), as it may deem necessary.

Clause 40.—This clause provides for the power of the Central Government to supersede the Authority.

Clause 41.—This clause provides that the provisions of the proposed legislation shall be in addition to, and not in derogation of, the provisions of any other law for the time being in force.

Clause 42.—This clause empowers the Central Government to make rules for carrying out the provisions of the proposed legislation.

Clause 43.—This clause seeks to empower the Authority to make regulations.

Clause 44.—This clause seeks to provide for laying of every rule made by the Central Government and every regulation made by the Authority under the proposed legislation, as soon as may be after it is made, before each House of Parliament.

Clause 45.—This clause provides for the amendment of the Aircraft Act, 1934 to define the terms “Director-General of Civil Aviation”.

Clause 46.—This clause seeks to provide for the power to remove difficulty arising in giving effect to the provisions of the proposed legislation.

FINANCIAL MEMORANDUM

Clause 3 of the Bill provides for the constitution of an Authority to be called as the Civil Aviation Authority of India.

2. Sub-clause (3) of clause 7 of the Bill provides that the salary and allowances of the Chairperson, Director-General and other Members shall be such as may be prescribed by rules.

3. Clause 22 of the Bill provides that the Central Government may after due appropriation made by Parliament by law in this behalf, provide any capital that may be required by the Authority for discharge of its functions under the proposed legislation or for any purpose connected therewith, and pay to the Authority, on such terms and conditions as the Central Government may determine, by way of loans or grants such sums of money as that Government may consider necessary for the efficient discharge by the Authority of its functions under the proposed legislation.

4. Clause 23 of the Bill provides for the constitution of a Fund to be called the Civil Aviation Authority of India Fund into which all Central Government grants, fees and charges received by the Authority and all sums received by the Authority from other sources approved by the Central Government shall be credited. The Fund is to be used for meeting the salaries, allowances and other remuneration of the Chairperson, Director-General, other Members, officers and other employees of the Authority and other expenses of the Authority in connection with the discharge of its functions and for the purposes of the proposed legislation.

5. Sub-clause (1) of clause 24 of the Bill provides that the Authority may set apart such amounts as it thinks fit as a reserve fund or funds for enhancing safety related services, functions or facilities and meeting any liability arising out of any act or omission in discharge of its functions under the proposed legislation. Sub-clause (2) of clause 24 provides that the Authority, after making provision for reserved fund or funds shall pay the balance of its annual net profits to the Central Government.

6. The details of the estimated recurring and non-recurring expenditure to be incurred for the purposes mentioned in above paragraphs shall be as under:—

Statement Showing Estimated Expenditure (Rs. in crore)

	Recurring		Total Recurring Expenditure	Non-Recurring		Total Non- Recurring Expenditure
	Plan	Non Plan		Plan	Non Plan	
First Year	12.00	112.00	124.00	50.00	0.00	50.00
Second Year	12.00	112.00	124.00	100.00	0.00	100.00
Subsequent three years	-	-	-	385.50	0.00	385.50
Total	24.00	224.00	248.00	535.00	0.00	535.00

7. The Bill, if enacted and brought into operation, would not involve any other expenditure of recurring or non-recurring nature.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 42 of the Bill empowers the Central Government to make rules for carrying out the provisions of the Bill. Sub-clause (2) of this clause enumerates the matters in respect of which the rules may be made under this clause. These matters, *inter alia*, relate to,—

- (a) the qualification, professional experience and competence of the Director-General and the whole-time Members under sub-clause (4) of clause 4;
- (b) the salary, allowances and the other conditions of service of the Chairperson, Director-General and other Members under sub-clause (2) of clause 7;
- (c) the period of giving notice for resignation from office by the Chairperson, Director-General or any Member under sub-clause (4) of clause 7;
- (d) the procedure for inquiry for removal of the Chairperson or other Members under sub-clause (2) of clause 8;
- (e) other powers and functions of the Chairperson under clause 10;
- (f) rules subject to which the Authority shall perform its functions under sub-clause (2) of clause 14;
- (g) rules subject to which the Authority shall perform its duties under sub-clause (3) of clause 14;
- (h) the terms and conditions subject to which all non-recurring expenditure incurred by the Central Government for or in connection with the purposes of the Director General of Civil Aviation to be treated as capital provided by the Central Government to the Authority under sub-clause (3) of clause 18;
- (i) manner of investing the moneys under item (b) of sub-clause (3) of clause 23;
- (j) the form in which and the time at which in each financial year, the Authority shall prepare its budget under clause 25;
- (k) the form in which accounts and other relevant record shall be maintained and the annual statement of accounts shall be prepared by the Authority under sub-clause (1) of clause 26;
- (l) the time at which and the form and manner in which the returns and statements shall be furnished by the Authority under sub-clause (1) of clause 27;
- (m) the form in which and the time at which the annual report shall be prepared by the Authority under sub-clause (2) of clause 27;
- (n) the period within which, the manner in which and the fee on payment of which appeal may be preferred under clause 36;
- (o) any other matter which is to be, or may be, prescribed or in respect of which provision is to be made by rules.

2. Clause 43 of the Bill empowers the Authority to make regulations, not inconsistent with the proposed legislation and the rules made thereunder, to carry out the provisions of the proposed legislation. Sub-clause (2) of this clause enumerates the matters in respect of which the regulations may be made under this clause. These matters, *inter alia*, relate to—

- (a) the times and places of meetings of the Authority and the procedure to be followed at such meetings under sub-clause (1) of clause 11 for the transaction of business by the Authority including the quorum necessary for the meeting;

- (b) the books of account and other documents which are required to be maintained by every air transport operator or service operator under sub-clause (3) of clause 15;
- (c) the contracts or class of contracts which shall be sealed with the common seal of the Authority under sub-clause (1) of clause 20;
- (d) the form and manner in which any contract shall be made under sub-clause (2) of clause 20;
- (e) levy of fee, and charges under sub-clause (2) of clause 21; and
- (f) any other matter which under the provisions of the proposed legislation is required to be, or may be specified by regulations.

3. Clause 44 of the Bill requires that the rules made by the Central Government and the regulations made by the Authority shall be laid as soon as may be, after they are made, before each House of Parliament.

4. Clause 46 of the Bill empowers the Central Government to remove any difficulty which arises in giving effect to the provisions of the proposed legislation, by order published in the Official Gazette, not inconsistent with the provisions of the proposed legislation. This clause requires that every such order shall be laid, as soon as may be after it is made, before each House of Parliament.

5. The matters in respect of which rules and regulations may be made and orders may be issued are generally matters of procedure and administrative details and it is not practicable to provide for them in the Bill itself. The delegation of legislative power is, therefore, of a normal character.

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to provide for constitution of a Civil Aviation Authority for administration and regulation of civil aviation safety, for the better management of civil aviation safety oversight over air transport service operators, air service navigation operators and operators of other civil aviation facilities, matters relating to impact of financial stress on safety operations, consumer protection and environment regulations in civil aviation sector and for proper implementation of the provisions of the Aircraft Act, 1934 and the rules made thereunder and for matters connected therewith or incidental thereto.

(Shri Ajit Singh, Minister of Civil Aviation)