Subject: Draft Major Port Authorities Bill, 2015.

The Draft Major Port Authorities Bill, 2015 has been hosted on the website of the Ministry of Shipping (shipping.nic.in). Concerned parties/stakeholders are requested to send their comments on the draft Bill within three weeks on the address given below. Soft copy may also kindly be mailed to:

ak.saran@nic.in and srishti.saxena@gmail.com

(A.K. Saran)
Deputy Secretary to the Govt. of India
Tel: 011 - 23714714
Indian Port Association  
1st Floor, South Tower,  
NBCC Place,  
Bhisham Pitamah Marg  
New Delhi - 110003

Kind Attn: Mr. A. Janardhana Rao, Managing Director

Re:  (1) Limited QIT dated 07.07.2015 for appointment of Legal consulting Firm to amend Major Port Trusts Act, 1963
(2) Letter of award dated 01.08.2015 ("LOA")

Sir,

Sub: Submission of Final Draft of the Major Port Authorities Act, 2015

This is in reference to the LOA dated 01.08.2015 whereby Suri & company had been engaged to provide Legal Consultancy to amend the Major Port Trusts Act, 1963 ("MPT Act").

As part of the mandate, we had submitted the Inception Report on the subject assignment on 07.08.2015 stating therein the proposed approach and methodology to amend the MPT Act.

On review of the MPT Act and the comments received from IPA and Major Ports, it was proposed to draft a 'new' Act, namely, Major Port Authorities Act, 2015. Accordingly, the preliminary draft of the Major Port Authorities Act, 2015 was submitted to IPA on 14.09.2015 (followed by an updated version on 30.09.2015) that was also discussed in the presentation made before the Secretary, Ministry of Shipping on 01.10.2015.

On specific inputs / feedback received from the Secretary, Ministry of Shipping, certain changes were incorporated in the preliminary draft and the revised and updated draft of the Major Port Authorities Act, 2015 was submitted to IPA on 05.10.2015.

Subsequently, the detailed presentation on the draft Major Port Authorities Act, 2015 was made before the General Body Meeting of IPA held at V.O. Chidambaranar Port Trust, Tuticorin on 13.10.2015, wherein the Chairmen of various Major Ports
also participated and confirmed to share their inputs and feedback after reviewing the entire draft of the Major Port Authorities Act, 2015

Following the above presentation, the comments of only three Major Ports viz., V.O. Chidambaranar, Ennore and New Mangalore were received, basis which the changes were carried out and the final draft of the Major Port Authorities Act, 2015 has been prepared.

Amongst the various other provisions, the following important points / sections have been changed / added in the final draft of the Major Port Authorities Act, 2015:

(1) Definition of 'Capital Reserves', 'Grave Emergency', 'Non-Maritime Activities' and 'Services' have been added.

(2) Chapters II and III of the preliminary draft have been merged and consolidated into one chapter in the final draft of the Major Port Authorities Act, 2015.

(3) Section 12 - Provisions relating to Board Meetings through video conferencing / audio-video means have been revised and simplified.

(4) Section 15 - Provision related to inspection of books containing proceedings of minutes of meeting has been removed since section 12(5) provides for circulation of minutes of Board meeting to all Members of the Board within 15 days of the meeting.

(5) Section 22 - The reference of Land Acquisition Act, 1894 has been removed and replaced by the Right to Fair Compensation and Transparency in Rehabilitation and Resettlement Act, 2013 since the Land Acquisition Act, 1894 stands repealed w.e.f. January, 2014.

(6) Section 27 - Provisions relating to fixing / framing of scale of rates for services and usage of port assets have been revised and simplified.

(7) Section 32 - Enabling power has been given to the Major Ports to raise loans for capital expenditure and working capital requirements.

(8) Section 35 - Enabling power has been given to the Boards of Port Authorities to make rules and regulation for issuing Port Securities, etc.

(9) Chapter VI - Miscellaneous provisions have been added.
(10) Section 66 – Provisions relating to Corporation Social Responsibility of Major Ports have been added.

Kindly note that certain suggestions received from the aforementioned three major ports have not been incorporated in the final draft due to lack of clarity / reasoning by the major ports on the same. However, the Ministry and/or the IPA could incorporate the suggestions subsequently on the recommendations, after discussions with the concerned stakeholders.

The final draft of the Major Port Authorities Act, 2015 containing the above changes and other relevant alterations is enclosed herewith for your review and further circulation to the Ministry of Shipping, Major Ports and other stakeholders. We shall shortly be issuing to you the final invoice for our services and continue to support the finalization process as per your request and requirement.
MAJOR PORT AUTHORITIES ACT, 2015

FINAL DRAFT
THE MAJOR PORT AUTHORITIES ACT, 2015

An Act to make provision for the constitution of port authorities for regulation, operation, planning and representing major ports in India and to vest the administration, control and management of such ports in such authorities and for matters connected thereto.

CHAPTER I

PRELIMINARY

1. **Short title, commencement and application**

   (1) This Act may be called the Major Port Authorities Act, 2015.

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

   (3) It applies in the first instance to the major ports of Chennai, Cochin, Jawaharlal Nehru port, Kandla, Kolkata, Mumbai, New Mangalore, Mormugao, Paradip, V.O. Chidambaranar, and Visakhapatnam and the Central Government may, by notification in the Official Gazette, apply the provisions of this Act to such other major port, and with effect from such date, as may be specified in the notification.

2. **Definitions**

   (1) In this Act, unless the context otherwise requires,

   (a) "Board" means the Board constituted as per this Act for each Port Authority of a Major Port to which this Act applies;

   (b) "Capital Reserves" for the purpose of this Act shall mean the total of the revenue and capital reserves excluding the reserves set forth in Section 38 (a) of this Act and the value of the current assets of the Port Authority in the preceding financial year;

   (c) "Central Government" means the Government of India represented by the Ministry of Shipping or any other authority designated by the Government of India;

   (d) "Chairman" means the Chairman of the Board appointed under sub-section (1) of section 4 or sub-section (5) of section 13, as the case may be;

   (e) "Dock" includes all basins, locks, cuts, entrances, graving docks, graving blocks, inclined planes, slipways, gridirons, moorings, transit-sheds, warehouses, tramways, railways and other works and things
appertaining to any dock, and also the portion of the sea enclosed or protected by the arms or groynes of a harbor;

(f) "Foreshore", in relation to a Major Port, means the area between the high-water mark and the low-water mark relating to that Major Port;

(g) "Functional Heads" means the heads of the department including the heads of operations, finance, works and business development in a Major Port who is entitled to become a Member under sub-section (2) of section 4;

(h) "Goods" includes livestock and every kind of movable property;

(i) "Grave Emergency" means a condition as determined by the Central Government wherein the Board is unable to discharge its duties appropriately and includes acts of sedition, non-performance, unlawful and illegal actions, negligence and financial misappropriation.

(j) "High-water mark", in relation to a Major Port, means a line drawn through the highest points reached by ordinary spring-tides at any season of the year at the Major Port;

(k) "Immovable property" includes wharfage-rights and all other rights exercisable on, over, or in respect of, any land, wharf, dock or pier;

(l) "Independent Member" means an independent member appointed to the Board under sub-section (3) of section 4;

(m) "Indian Ports Act" means the Indian Ports Act, 1908;

(n) "Labour Nominee Member" means the labour nominee member appointed to the Board under sub-section (4) of section 4;

(o) "Land" includes the bed of the sea or river below high-water mark, and also things attached to the earth or permanently fastened to anything attached to the earth;

(p) "Low-water mark", in relation to a Major Port, means a line drawn through the lowest points reached by ordinary spring-tides at any season of the year at that Major Port;

(q) "Major Port" has the same meaning as in the Indian Ports Act;

(r) "Master", in relation to any vessel or any aircraft making use of any Major Port, means any person having for the time being the charge or control of such vessel or such aircraft, as the case may be, except a pilot, harbour master, assistant harbour master, dock master or berthing master of the Major Port;
"Member" means a Member appointed to the Board in accordance with section 4;

"Non-Maritime Activities" means the other business activities in relation to or within the Major Port, Port Limits or Major Port Approaches that are not part of or related to the maritime operations of a Major Port;

"Government Nominee Member" means the Government Nominee Member appointed to the Board under sub-section (3) of section 4;

"Owner", (i) in relation to goods, includes any consignor, consignee, shipper or agent for the sale, custody, loading or unloading of such goods; and (ii) in relation to any vessel or any aircraft making use of any Major Port, includes any part-owner, charterer, consignee, or mortgagee in possession thereof;

"Pier" includes any stage, stairs, landing place, hard, jetty, floating barge, transhipper or pontoon, and any bridges or other works connected therewith.

Explanation - For the purposes of this clause, "transhipper" means a floating craft or vessel, whether dumb or self-propelled, on which gears are provided for discharging cargo from a barge or wharf and loading it into a ship;

"Port Assets" means any asset within the Port Limits including land, immovable property or any other property, whether tangible or intangible, owned by or vested with the Port Authority through the Central Government;

"Port Authority", in relation to a Major Port to which this Act applies, means the body constituted under this Act to manage and operate that Major Port;

"Port Limits" in relation to a Major Port to which this Act applies, means the limits of the area of such Major Port as determined by the Central Government by way of notification in the Official Gazette from time to time.

Explanation - Limits defined under this clause may include any piers, jetties, landing-places, wharves, quays, docks and other works made on behalf of the public for convenience of traffic, for safety of vessels or for the improvement, maintenance or good government of the Major port and its approaches whether within or without high-water-mark, and, subject to any rights of private property therein, any portion of the shore or bank within fifty yards of high-water-mark;
(aa) "Port Security" means debentures, bonds or stock certificates issued by the Board in respect of any loan contracted by it under the provisions of this Act or issued by any other authority for the payment of which the Board is liable under this Act.

(bb) "Major Port Approaches", in relation to a Major port, means those parts of the navigable rivers and channels leading to the Major Port, in which the Indian Ports Act is in force;

(cc) "Major Port Trusts Act, 1963" means the erstwhile Major Port Trusts Act, 1963 which stands repealed by this Act;

(dd) "Prescribed" means prescribed by the directives, rules or regulations made by the Central Government under this Act;

(ee) "Rate" includes any toll, due, rent, rate, fee, or charge leviable under this Act;

(ff) "Regulations" means regulations made under or pursuant to this Act by the Board of the Port Authority or the Central Government, as the case may be, for the purposes of this Act;

(gg) "Rules" means rules made under or pursuant to this Act by the Board of the Port Authority or the Central Government, as the case may be, for the purposes of this Act;

(hh) "Services" means services performed or made available by the Port Authority or any designated person, agency or concessionaire authorised in this behalf by the Board of that Port Authority in respect of the Port Assets or other facilities available at, in relation to or within the Major Port, Port Limits or Major Port Approaches;

(ii) "Vessel" includes anything made for the conveyance, mainly by water, of human beings or of goods and a caisson;

(jj) "Wharf" includes any wall or stage and any part of the land or foreshore that may be used for loading or unloading goods, or for the embarkation or disembarkation of passengers and any wall enclosing or adjoining the same.

(2) The maritime terms used in this Act and not otherwise defined in this Act shall have the meaning given to them in the Indian Ports Act, 1908.
CHAPTER II

BOARD OF PORT AUTHORITY, ITS MEETINGS AND POWERS

3. Each Port Authority of a Major Port to have a Board

(1) Each Port Authority of a Major Port shall be operated, regulated and administered by a Board. Upon the notification of this Act, the existing Board of Trustees under the Major Port Trusts Act, 1963 of each Port Authority shall be considered as the Board for purposes of this Act.

(2) Upon the notification of this Act, the Board of each Port Authority shall consist of minimum number of nine members including:

(a) a Chairman;

(b) at least four Members from amongst the Functional Heads in the Major Port including the Functional Heads of operations, finance, works and business development in that Major Port;

(c) minimum two and not exceeding four Independent Members;

(d) one Government Nominee Member; and

(e) one Labour Nominee Member.

(3) Every Major Port existing on or before the commencement of this Act and to which this Act applies shall within six months from such commencement comply with the provisions of this section.

4. Appointment of Members and filing of vacancies to Board of Port Authority

(1) The Chairman of the Board of each Port Authority shall be appointed by the Central Government.

(2) The Members of the Board as mentioned in clause (b) of sub-section (2) of section 3 shall be appointed by the Board of the Port Authority. The selection or appointment of such Members shall be governed by the norms applicable in case of selection or appointment of the Central Government employees.

(3) The appointment of the Independent Members and the Government Nominee Member shall be made by the Board of the Port Authority on the recommendation of the Central Government:

Provided that a person appointed as an Independent Member shall be a person of ability, integrity and standing and who has special knowledge of, and such experience of not less than ten years in, ports, shipping, economics, commerce,
law, finance, accountancy, management, industry, public affairs or administration, which in the opinion of the Board of the Port Authority, may be useful to the Port Authority.

(4) The appointment of the Labour Nominee Member shall be made by the Board of the Port Authority after he has been chosen and nominated by the employees of the Port Authority from amongst the permanent employees of the Port Authority:

Provided that Labour Nominee Member so nominated is not facing any inquiry or suspension and is capable of representing the interests of the labour employed in the Port Authority.

(5) Every person nominated or recommended to the office of the Chairman or the Member of the Board of the Port Authority, shall, within thirty days of his nomination, furnish to the Port Authority his consent and a declaration that he is not disqualified or ineligible to hold such office.

(6) The appointment of any person to the office of the Chairman or the Member of the Board of the Port Authority shall be approved in the meeting of the Board of that Port Authority within thirty days of receipt of the consent of such person under sub-section (5).

(7) The Chairman, the Independent Members and the Government Nominee Member shall be paid such salary and be governed by such terms and conditions of services as may, from time to time, be determined by the Central Government.

(8) In the case of a vacancy in the office of a Member of the Board of the Port Authority caused by the expiration of term of office of such Member, the appointment to fill such vacancy shall be made within one month immediately preceding the date of expiration of such term.

(9) In the case of a vacancy in the office of a Member of the Board of the Port Authority caused by virtue of section 7 or section 8, the appointment to fill such vacancy shall be made within one month of occurrence of such vacancy:

Provided that the Member so appointed shall retain his office so long only as the vacating Member shall have retained the same if such vacancy had not occurred:

5. Disqualification of Member

(1) A person shall not be eligible for appointment or to continue as a Member of the Board of the Port Authority, if —

(a) he is of unsound mind and stands so declared by a competent court; or
(b) he is an undischarged insolvent; or

(c) he has applied to be adjudicated as an insolvent and his application is pending; or

(d) he holds any office of profit other than the office of the Functional Head in the Major Port or the Board of that Port Authority, or acts in contravention of the provisions of sub-section (1) of section 17; or

(e) he has been removed, suspended or dismissed from the service of the Major Ports, Government or a body corporate owned or controlled by the Central Government or the State Government; or

(f) he has been convicted by a court of any offence, whether involving moral turpitude or otherwise, and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence: Provided that if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence, he shall not be eligible to be appointed as a Member in the Board; or

(g) an order disqualifying him for appointment as a Member has been passed by a court or tribunal and the order is in force:

Provided that the disqualifications referred to in clauses (f) and (g) of sub-section (1) shall not take effect:

(i) for thirty days from the date of conviction or order of disqualification;

(ii) where an appeal or petition is preferred within thirty days as aforesaid against the conviction resulting in sentence or order, until expiry of seven days from the date on which such appeal or petition is disposed off; or

(iii) where any further appeal or petition is preferred against order or sentence within seven days, until such further appeal or petition is disposed off.

(2) If in the opinion of the Board of the Port Authority any Member of the Board is eligible for disqualification under sub-section (1), the Board shall order the disqualification and removal of such Member from the Board.

6. Term of office of Members

(1) The term of office of the Chairman and the Government Nominee Member shall be fixed by the Central Government.
(2) Subject to the provisions of this Act, a person appointed as a Member of the Board of the Port Authority by virtue of an office under clause (b) of sub-section (2) of section (3) shall continue to be a Member of the Board so long as he continues to hold that office.

(3) An Independent Member shall hold office for a term of three years from date of his appointment is confirmed by the Board or up to the age of sixty five years, whichever is earlier. The Independent Member shall be eligible for re-appointment for another term of three years or up to the age of sixty five years, whichever is earlier, subject to the condition that he fulfills the qualifications and other conditions for appointment mentioned in the proviso to sub-section (3) of section 4 and such re-appointment is also made on the basis of report of performance evaluation of his last term. The performance evaluation of Independent Members shall be done by the entire Board of the Port Authority, excluding the Member being evaluated. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the Independent Member:

Provided that no Independent Member shall hold office for more than two consecutive terms, but such Independent Member shall be eligible for appointment after the expiry of three years of ceasing to become an Independent Member:

Provided further that an Independent Member shall not, during the said period of three years, be appointed in or be associated with the Major Port in any other capacity, either directly or indirectly.

Explanation – For the purpose of this sub-section, any tenure of an Independent Member on the date of commencement of this Act shall not be counted as a term under those sub-sections.

(4) Subject to the provisions of this Act, the Labour Nominee Member shall hold office for a term of three years or up to the age of his superannuation, whichever is earlier.

7. Resignation of member

(1) Subject to the provisions of sub-section (2), a Member of the Board of the Port Authority may resign from his office by giving a notice in writing to the Chairman and the Board of the Port Authority shall on receipt of such notice take note of the same.

(2) The Chairman, Independent Member and the Government Nominee Member may resign from his office by giving a notice in writing addressed to the Central Government and a copy thereof marked to the Board.

(3) The resignation of the Member of the Board of the Port Authority shall take effect from the date on which the notice is received by the Board or the Central
Government, as the case may be, or the date, if any, specified by the Member in the notice, whichever is later:

Provided that the Member who has resigned shall be liable even after his resignation for the offences which occurred during his tenure.

(4) Where all the Members of the Board of the Port Authority resign from their offices, or vacate their offices under section 8, the Central Government shall appoint the required number of Members who shall hold office till the Members are appointed by the Board of the Port Authority.

8. **Vacation of office of Members**

The office of a Member of the Board of the Port Authority shall become vacant in case -

(a) on the death of the Member; or

(b) he incurs disqualification under section 5; or

(c) he resigns from his office under section 7; or

(d) he is absent from the meetings of the Board for a period exceeding six consecutive months; or

(e) he, having been appointed a Member in any elected or representative capacity or by virtue of his holding any office or other employment in any organisation, ceases to hold such elected or representative capacity, office or other employment in that organization.

9. **Fees payable to members**

(1) The Members of the Board of each Port Authority shall be paid by such Port Authority an ex-gratia amount for attending the meetings of the Board or any of its committees and for attending to any other work of the Port Authority:

Provided that no fees shall be payable to the Chairman or any other Member who is a servant of the Government.

(2) A person other than the Member of a Board of the Port Authority who is appointed as a Member of a committee appointed under sub-section (1) of section 16 shall be paid the same ex-gratia amount for attending the meetings of the committee and for attending to any other work of the Port Authority as are payable to a Member under sub-section (1).

(3) The ex-gratia amount payable to the Members of the Board of the Port Authority or any committee of the Board shall be determined and fixed by the Board of the Port Authority.
10. **Duties of Chairman and Members of the Board of the Port Authority**

(1) It shall be the duty of the Chairman of the Board of each Port Authority to attend every meeting of the Board unless prevented by sickness or other reasonable cause.

(2) The Chairman shall exercise supervision and control over the acts of all employees of the Port Authority in matters of executive administration and in matters concerning the accounts and records of the Port Authority.

(3) A Member of the Board of the Port Authority shall act in good faith in order to promote the objects of the Port Authority, and in the best interests of the Port Authority, its employees, and for the protection of environment.

(4) A Member of the Board of the Port Authority shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.

(5) A Member of the Board of the Port Authority shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Board.

(6) Without prejudice to the provisions of section 17, a Member of the Board of the Port Authority shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates.

(7) A Member of the Board of the Port Authority shall not assign his office and any assignment so made shall be void.

(8) The Independent Member and the Labour Nominee Member shall, in relation to the Board of the Port Authority, abide by the code of conduct as laid down by the Port Authority or the Central Government from time to time.

11. **Meetings of the Board of Port Authority**

(1) The Board of each Port Authority shall hold its first meeting within thirty days of the date of its constitution and thereafter hold a minimum number of four meetings every year in such a manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board.

(2) The participation of Members in a meeting of the Board of the Port Authority may be either in person or through video conferencing or other audio visual means, which are capable of recording and recognising the participation of the Members and of recording and storing the proceedings of such meetings along with date and time:
Provided that the Board of the Port Authority may, specify such matters which shall not be dealt with in a meeting through video conferencing or other audio visual means.

(3) A meeting of the Board of the Port Authority shall be called by giving not less than seven days notice in writing to every Member at the address provided by such Member and such notice along with the proposed agenda and all the relevant material for the meeting shall be sent by hand delivery or by post or by electronic means:

Provided that a meeting of the Board of the Port Authority may be called at shorter notice to transact urgent business subject to the condition that a Government Nominee Member shall be present at the meeting:

Provided further that in case of absence of a Government Nominee Member from such a meeting of the Board, decisions taken at such a meeting shall be circulated to all the Members and shall be final only on ratification thereof by the Government Nominee Member.

(4) The Members of the Board present in the meeting may, with the prior consent of the Chairman, consider and discuss additional items in the meeting which were not previously notified in the agenda circulated under sub-section (3).

12. Meetings of the Board of the Port Authority through video conferencing or other audio visual means

(1) The Board of each Port Authority shall amend the existing rules applicable for conducting the board meetings and incorporate and comply with the following procedure, for convening and conducting the Board meetings through video conferencing or other audio visual means.

(2) The Board or any officer of the Port Authority nominated by the Board in this behalf shall take due and reasonable care -

   (a) to safeguard the integrity of the meeting by ensuring sufficient security and identification procedures;

   (b) to ensure availability of proper and appropriate video conferencing or other audio visual equipment or facilities for providing transmission of the communications for effective participation of the Members and other authorised participants at the Board meeting;

   (c) to record proceedings and prepare the minutes of the meeting;

   (d) to store for safekeeping and marking the tape recording(s) or other electronic recording mechanism as part of the records of the Board of the Port Authority at least before the time of completion of audit of that particular year;
(c) to ensure that no person other than the concerned Member are attending or have access to the proceedings of the meeting through video conferencing mode or other audio visual means, save and except that the persons, who are differently-abled, may make request to the Port Authority to allow a person to accompany him.

(3) (a) The notice of the meeting shall be sent to all the Members in accordance with the provisions of sub-section (3) of section 11.

(b) The notice of the meeting shall inform the Members regarding the option available to them to participate through video conferencing mode or other audio visual means, and shall provide all the necessary information to enable the Members to participate through video conferencing mode or other audio visual means.

(c) A Member intending to participate through video conferencing or audio visual means shall communicate his intention to the Chairman in advance so that the Board of the Port Authority is able to make suitable arrangements in this behalf.

(d) In the absence of any intimation under clause (c), it shall be assumed that the Member shall attend the meeting in person.

(4) With respect to every meeting conducted through video conferencing or other audio visual means, the scheduled venue of the meeting as set forth in the notice convening the meeting, which shall be in India, shall be deemed to be the place of the said meeting and all recordings of the proceedings at the meeting shall be deemed to be made at such place.

(5) The minutes of the Board meeting shall be circulated among all the Members within fifteen days of the meeting either in writing or in electronic mode as may be decided by the Board of the Port Authority for the confirmation by the Members; which confirmation shall be furnished by the Members within fifteen days of the receipt of the minutes of meeting.

13. **Quorum for meetings of the Board of the Port Authority**

(1) The quorum for a meeting of the Board of the Port Authority shall be one-third of its total strength and having at least one Independent Member or the Government Nominee Member. The participation of the Members by video conferencing or by other audio visual means shall also be counted for the purposes of quorum under this sub-section.

(2) The continuing Members may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board of the Port Authority, the continuing Members or
Member may act for the purpose of increasing the number of Members to that fixed for the quorum and for no other purpose.

(3) Where at any time the number of interested Members exceeds or is equal to two-thirds of the total strength of the Board of the Port Authority, the number of Members who are not interested Members and present at the meeting, being not less than two, shall be the quorum during such time.

Explanation: For the purposes of this sub-section, “Interested Member” means a member within the meaning of sub-section (1) of section 17.

(4) Where a meeting of the Board of the Port Authority could not be held for want of quorum, then, the meeting shall automatically stand adjourned to such date as may be determined by the Members of the Board.

(5) (a) Where the Chairman is absent at a meeting of the Board of the Port Authority, the Members present at such meeting shall appoint an acting Chairman from amongst themselves and the Member so appointed as an acting Chairman shall preside at such meeting.

(b) If the Chairman is, by infirmity or otherwise, rendered incapable of discharging his duties under this Act or is absent for three consecutive meetings of the Board, in circumstances not involving the vacation of his appointment, or is sent on deputation outside India for any of the purposes of this Act, the Central Government may, during his absence, appoint another person as acting Chairman from amongst the Functional Heads in the Major Port.

(6) A decision at a meeting of the Board of the Port Authority shall be adopted by a simple majority of the Members present and voting except that in the case of an equality of votes the Chairman or the acting Chairman shall have a casting vote in addition to his original vote.

Explanation: For the purposes of this section, -

(i) any fraction of a number shall be rounded off as one;

(ii) “total strength” shall not include members whose places are vacant.

14. Minutes of proceedings of meeting of Board of the Port Authority

(1) The Board of each Port Authority shall cause minutes of the proceedings of every meeting of the Board or of every committee of the Board, to be prepared and signed and kept within thirty days of the conclusion of every such meeting concerned in books kept for that purpose with their pages consecutively numbered.
(2) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.

(3) All appointments made at any of the meetings of the Board of the Port Authority shall be included in the minutes of the meeting.

(4) The minutes shall also contain –
   (a) the names of the Members present at the meeting; and
   (b) in the case of each decision passed at the meeting, the names of the Members, if any, dissenting from, or not concurring with the decision.

(5) There shall not be included in the minutes, any matter which, in the opinion of the Chairman of the meeting –
   (a) is or could reasonably be regarded as defamatory of any person; or
   (b) is irrelevant or immaterial to the proceedings; or
   (c) is detrimental to the interests of the Port Authority.

(6) The Chairman shall exercise absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in sub-section (5).

(7) The minutes kept in accordance with the provisions of this section shall be evidence of the proceedings recorded therein.

(8) Where the minutes have been kept in accordance with sub-section (1) then, until the contrary is proved, the meeting shall be deemed to have been duly called and held, and all proceedings thereat to have duly taken place, and the decisions to have been duly passed and in particular, all appointments of Members, shall be deemed to be valid.

(9) No document purporting to be a report of the proceedings of any meeting of the Board of the Port Authority shall be circulated or advertised at the expense of the Port Authority, unless it includes the matters required by this section to be contained in the minutes of the proceedings of such meeting.

(10) The Board of each Port Authority shall observe secretarial standards with respect to the Board meetings specified by the Institute of Company Secretaries of India constituted under section 3 of the Company Secretaries Act, 1980, and approved as such by the Central Government.
15. **Copy of minute books of meetings of Board of Port Authority**

(1) The books containing the minutes of the proceedings of any meeting of the Board of the Port Authority or of a committee of the Board, shall be kept at the principal office of the Port Authority.

(2) Any Member shall be entitled to be furnished, within seven working days after he has made a request in that behalf to the Port Authority with a copy of any minutes of any meeting of its Board, on payment of two rupees for each page or part of any page.

16. **Appointment of committees and delegation of powers**

(1) The Board of each Port Authority may appoint from among its own Members or other persons who are not Members such number of committees as it thinks fit consisting of Members or other persons or Members and other persons for the purpose of discharging such of its powers, functions and duties as may be delegated to such committees by the Board.

(2) The Board of each Port Authority may, subject to such conditions or restrictions as it thinks fit, delegate to any committee appointed under sub-section (1) any of the powers, functions and duties vested in the Board by or under this Act and any power, function or duty so delegated may be exercised or performed by such committee in the name and on behalf of the Board.

(3) Any committee to whom the powers, functions or duties have been delegated by the Board of the Port Authority under this section shall, in the exercise of the powers so delegated, conform to any conditions or restrictions that may be imposed on it by the Board.

(4) Any committee appointed by the Board of the Port Authority under this section shall report to the Board and the Board shall review the performance of the committee so appointed at the end of each year from the date of its appointment.

(5) The Board of each Port Authority may continue to exercise a power conferred upon it, or perform a function or duty under this Act or any other written law, notwithstanding the delegation of the power, function or duty under this section.

17. **Disclosure of interest by Member**

(1) Every Member of the Board of the Port Authority or a committee thereof who is in any way, whether by himself or through any of his relatives or firm, body corporate or other association of individuals in which he or any of his relatives is a partner, director or a member, concerned or interested in a contract or arrangement, or proposed contract or arrangement, entered into or to be entered into by or on behalf of the Port Authority shall disclose the nature of his
concern or interest at the meeting of the Board or a committee, as the case may be, in which the contract or arrangement is discussed and shall not participate in such meeting:

Provided that where any Member who is not so concerned or interested at the time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of the Board of the Port Authority or committee held after he becomes so concerned or interested.

(2) A contract or arrangement entered into by the Port Authority without disclosure under sub-section (1) or with participation by a Member who is concerned or interested in any way, directly or indirectly, in the contract or arrangement, shall be voidable at the option of the Port Authority.

CHAPTER III

MANAGEMENT AND ADMINISTRATION OF PORT AUTHORITY

PART I

STAFF OF PORT AUTHORITY

18. Schedule of Port Authority’s staff

(1) The respective Board’s of each Port Authority shall after every three years prepare and submit to the Central Government of its own Schedule of the employees of the Port Authority whom the Board deems necessary and proper to maintain for the purposes of this Act and such Schedule shall indicate therein the designations and grades of skilled, semi-skilled and unskilled employees and the salaries, fees and allowances which are proposed to be paid to them.

(2) Subject to the provisions of the Schedule for the time being in force under sub-section (1), the power of appointing any person to any post, whether temporary or permanent, shall be exercisable by the Chairman or through the committee so established for such purpose by the Board in accordance with section 16:

Provided that no order for the appointment of a person to the post of a Head of a department shall have effect until it is approved by the Board itself.

19. Power to make rules and regulations

The Board of the Port Authority may make rules and regulations, not inconsistent with this Act or any prescribed rules and regulations made by or the directives of the Central Government, to provide for any one or more of the following matters, namely:-
(a) to create any post other than the post listed in the Schedule submitted to the Central Government under sub-section (1) of section 18 and the qualifications, eligibility, terms and conditions for appointment on such post:

(b) the appointment of any person on a contract basis and the terms and conditions for such appointment;

(c) the recruitment, appointment, extension, seniority, promotion, suspension, reduction in rank, retirement, removal dismissal and other terms and condition of the service of its employees;

(d) their leave, leave allowances, pensions gratuities, compassionate allowances and travelling allowances and the establishment and maintenance of a Provident Fund or any other fund for their welfare;

(e) the procedure for filing an appeal by the employee involving his reduction in rank, compulsory retirement, removal or dismissal, the time and manner in which such appeals may be preferred and the procedure for deciding such appeals;

(f) any other matter which is incidental to, or necessary for, the purpose of regulating the appointment and conditions of service of its employees.

**PART II**

**PROPERTY AND CONTRACTS**

20. **Port Authority to be deemed as successor of board of trustees of Major Port**

As from the date of notification of this Act, the Port Authority of the Major Port shall be deemed as the successor of the board of trustees of that Major Port under the Major Port Trusts Act, 1963.

21. **Usage of property, assets, etc. by Port Authority**

(1) The Port Authority of each Major Port shall be entitled to use its property, assets and funds in such manner and for such purposes as it may deem fit for the benefit of that Major Port.

(2) All Port Assets under the ownership of the Port Authority or vested with the Port Authority through the Central Government shall be used and developed as per the rules and regulations made by the Board of the Port Authority in that behalf and to the exclusion of any municipal, local or Government regulation.

Provided that the usage of any land or immovable property by the Port Authority for non-port or non-maritime activities excluding those falling under
section 66 of this Act shall be subject to the prior approval of the Central Government:

Provided further that any contract or arrangement by the Port Authority for sale of land or immovable property or for lease of land or immovable property for a term of exceeding thirty years shall be subject to the prior approval of the Central Government.

22. Procedure when immovable property cannot be acquired by agreement

Where any immovable property is required for the purposes of the Port Authority, the Central Government or, as the case may be, the State Government may, at the request of the Port Authority, procure the acquisition thereof under the provisions of the Right to Fair Compensation and Transparency in Rehabilitation and Resettlement Act, 2013 (30 of 2013) or any other regulation applicable from time to time, and on payment by the Port Authority of the compensation awarded under that Act and of the charges incurred by the Government in connection with the proceedings, the land shall vest in the Port Authority.

23. Contracts by Port Authority

(1) The Port Authority of each Major Port shall be competent to enter into and perform any contract necessary for the performance of its functions under this Act.

(2) Every contract shall, on behalf of the Port Authority of each Major Port, be made by the Chairman or by any such officer of the Port Authority as the Chairman may by general or special order, authorise in this behalf and shall be sealed with the common seal of the Port Authority.

PART III

MANAGEMENT RESTRUCTURING OF PORT AUTHORITY

24. Conversion of Port Authority from trust to company

The Port Authority of each Major Port operating as a trust may change its structure and become a company subject to prior approval of the Central Government and passing of special resolution through its Board in that behalf.

Explanation – A resolution shall be a special resolution when:

(a) the intention to propose the resolution as a special resolution has been duly specified in the notice calling the meeting or other intimation given to the Members of the Board of the Port Authority;

(b) the notice required under this Act has been duly given; and
(c) the votes cast in favour of the resolution, whether on a show of hands, or electronically or on a poll, as the case may be, by Members who, being entitled so to do, vote in person or by postal ballot, are required to be not less than two-third of the total number of the votes, if any, cast against the resolution by members so entitled and voting.

25. **Power of Board to raise additional capital**

In the event of conversion of the Port Authority from trust to company under section 24, the Board of that Port Authority may raise additional capital over and above the Capital Reserves and holdings of that Port Authority from any person resident in India by way of sale or disinvestment of the holdings in the Port Authority subject to prior approval of the Central Government as per the applicable disinvestment policy.

**PART IV**

**OPERATIONS OF PORT AUTHORITY**

26. **Powers of Board of the Port Authority in respect of operations**

For the purposes of operations, development and planning of the Major Port, the respective Board's of each Port Authority in relation to that Major Port shall have the power to make rules and regulations, not inconsistent with the Customs Act, 1962 (52 of 1962) or any prescribed rules and regulations made by or directives of the Central Government, to-

(a) undertake, execute and perform such works and provide such Services at or within the Port Limits and Major Port Approaches on such terms and conditions as it may deem necessary or expedient;

(b) declare availability of the Port Assets at the Major Port or Major Port Approaches for port related activities and Services subject to such limits, conditions and restrictions as it may deem necessary or expedient;

(c) develop and provide infrastructure facilities for the Major Port;

(d) take charge of the goods from the concerned owner for the purpose of performing any port related Services;

(e) order, in cases of emergency or for any other reason, the master or owner or agent of any sea-going vessel, not to bring any vessel alongside of, or to remove such vessel from, any dock, berth, wharf, quay, stage, jetty or pier belonging to or under the control of the Port Authority;
(f) to permit any person to make, erect, fix or remove within the Port Limits or Major Port Approaches any wharf, dock, quay, stage, jetty, pier, erection or mooring or undertake any reclamation of foreshore within the said limits, subject to such limits, conditions and restrictions as it may deem necessary or expedient;

(g) provide any other Services in respect of vessels, passengers or goods.

PART V

IMPOSITION OF RATES AT MAJOR PORTS

27. Scale of rates for assets and services available at the Major Port

(1) The respective Board's of each Port Authority or any committee so established for such purpose by the Board in accordance with section 16 may from time to time, fix or frame -

(a) scale of rates at which, and a statement of conditions under which any Services shall be performed or made available;

(b) scale of rates at which, and a statement of conditions under which, the access to and usage of the Port Assets may be allowed by the Port Authority;

(c) consolidated scale of rates for any combination of Services specified in clause (a) or for any combination of such Service or Services with any user or permission to use or access to any Port Asset as specified in clause (b);

(d) rules for refund of any amount overcharged by the Port Authority in relation to the above Services provided to any person.

(2) Notwithstanding anything contained in clause (b) of sub-section (1), the respective Board's of each Port Authority may, by auction or by inviting tenders, lease any land or shed belonging to or in its possession or occupation of the Port Authority at a rate higher than that provided under clause (b) of sub-section (1).

(3) Different scales, fees, rates and conditions may be fixed or framed for different classes of goods and vessels under this section:

Provided that the fixation and implementation of such scales, fees, rates and conditions shall not be in derogation of:

(a) the directives, rules and regulations made by the Central Government in this behalf;

(b) the Competition Act, 2002 (12 or 2003); or
(c) any other law for the time being in force.

Provided further that any scale, fee, rate or condition framed by any committee appointed by the Board of the Port Authority for any purpose as specified in this section shall be subject to ratification by the Board prior to implementation.

(4) The scale of rates together with a statement of conditions fixed or framed by the respective Board’s of each Port Authority under this section shall be prominently posted by the Board in English, in Hindi and in the regional language on special boards to be maintained for the purpose at the wharves, docks, piers and other convenient places on the premises of the Board.

28. **Port Authority’s lien for rates**

(1) For the amount of all rates leviable under this Act in respect of any goods, and for the rent due to the Port Authority for any buildings, plinths stacking areas, or other premises on or in which any goods may have been placed, the Port Authority shall have a lien on such goods, and may seize and detain the same until such rates and rents are fully paid.

(2) Such lien shall have priority over all other liens and claims, except for general average and for ship-owner’s lien upon the said goods for freight and other charges where such lien exists and has been preserved in the manner provided in sub-section (1) of section 29, and for money payable to the Central Government under any law for the time being in force relating to customs, other than by way of penalty or fine.

29. **Ship-owner’s lien for freight and other charges**

(1) If the master or owner of any vessel or his agent, at or before the time of landing from such vessel or any goods at any Port Asset belonging to or in the occupation of the Port Authority of the Major Port, gives to such Port Authority a notice in writing that such goods are to remain subject to a lien for freight or other charges payable to the ship-owner, to an amount to be mentioned in such notice, such goods shall continue to be liable to such lien to such amount.

(2) The goods shall be retained in the custody of the Port Authority at the risk and expense of the owners of the goods until such lien is discharged as hereinafter mentioned; and godown or storage rent shall be payable by the party entitled to such goods for the time during which they may be so retained.

(3) Upon the production before any officer appointed by the Port Authority of a Major Port in that behalf of a document purporting to be a receipt for, or release from, the amount of such lien, executed by the person by whom or on whose behalf such notice has been given, the Port Authority may permit such goods to be removed without regard to such lien, provided that the Port Authority shall have used reasonable care in respect to the authenticity of such document.
30. **Sale of goods and application of sale proceeds in certain cases**

(1) The respective Board’s of each Port Authority may, after expiry of such time and in such manner as stipulated in Section 48 of the Customs Act, 1962 (52 of 1962), sell any goods that have passed or placed into the custody of the Port Authority upon landing thereof -

(a) if any rates payable to the Port Authority in respect of such goods have not been paid, or

(b) if any rent payable to the Port Authority in respect of any place on or in which such goods have been stored has not been paid, or

(c) if any lien of any ship-owner for freight or other charges of which notice has been given has not been discharged and if the person claiming such lien for freight or other charge has made to the Port Authority an application for such sale, or

(d) if such goods are not removed by the owner or the person entitled thereto from the premises of the Port Authority.

(2) The procedure for sale of goods under sub-section (1) and the proceeds of any such sale shall be applied in the manner as provided in section 150 of the Customs Act, 1962 (52 of 1962).

(3) Notwithstanding anything contained in this section, controlled goods may be sold at such time and in such manner at the Central Government may direct.

Explanation – In this section, “controlled goods” means goods the price or disposal of which is regulated under any law for the time being in force.

31. **Recovery of rates and charges by distraint of vessel**

(1) If the master of any vessel in respect of which any rates or penalties are payable under this Act, or under any regulations or orders made in pursuance thereof, refuses or neglects to pay the same or any part thereof on demand, the Port Authority may distraint or arrest such vessel and the tackle, apparel and furniture belonging thereto, or any part thereof, and detain the same until the amount so due to the Port Authority, together with such further amount as may accrue for any period during which the vessel is under distraint or arrest, is paid.

(2) In case any part of the said rates or penalties, or of the cost of the distress or arrest, or of the keeping of the same, remains unpaid for the space of five days next after any such distress or arrest has been so made, the Port Authority may cause the vessel or other thing so distrainted or arrested to be sold, and, with the proceeds of such sale, shall satisfy such rates or penalties and costs,
including the costs of sale remaining unpaid, rendering the surplus (if any) to the master of such vessel on demand.

CHAPTER IV

POWERS OF BOARDS OF PORT AUTHORITIES IN RESPECT OF LOANS AND SECURITIES

PART I

FINANCIAL POWERS OF BOARDS OF PORT AUTHORITIES

32. Power to raise loans and issue securities

(1) The respective Board’s of each Port Authority may for the purposes of the capital expenditure and for working capital requirements of the Port Authority raise loans in any currency or currencies from any -

(a) scheduled bank or financial institution located within India; and

(b) financial institution in any country outside India in compliance with the applicable laws or regulations prescribed by the Central Government:

Provided that no loan or loans exceeding a sum equivalent to fifty percent of the Capital Reserves of the Port Authority shall be raised by the Board without the previous sanction of the Central Government.

(2) Loans may be raised by the Board’s of each Port Authority in the open market within India and in any country outside India on Port Securities including but not limited to debentures, bonds and stock certificates issued by the Port Authority or may be obtained from the Central Government or a State Government.

Provided that no loan shall be raised from and no securities shall be issued to any person resident outside India without complying with the Foreign Exchange Management Act, 1999 (42 of 1999), the circulars and guidelines issued by the Reserve Bank of India, the Foreign Direct Investment Policy issued by the Central Government and any other applicable law for the time being in force.

(3) The respective Board’s of each Port Authority may appoint a committee in accordance with section 16 for raising loans and issuing securities under this Act:

Provided the terms and conditions of all loans and issuance of securities and execution of any documentation in respect thereof, shall be subject to the approval of the Board.
(4) The holder of any Port Security in any form may obtain in exchange therefor, upon such terms as the Board of the Port Authority may from time to time determine, a Port Security in any other form provided by the rules and regulations made by the Board of that Port Authority in that behalf.

(5) The right to sue in respect of moneys secured by Port Securities shall be exercisable by the holders thereof for the time being subject to the provisions of the Limitation Act, 1963 (36 of 1963).

33. **Indorsements to be made on security itself**

Notwithstanding anything in section 15 of the Negotiable Instruments Act, 1881 (26 of 1881), no indorsement of a Port Security, which is transferable by indorsement, shall be valid unless made by the signature of the holder inscribed on the back of the security itself.

34. **Indorser of security not liable for amount thereof**

Notwithstanding anything in the Negotiable Instruments Act, 1881 (26 of 1881), a person shall not by reason only of his having indorsed any Port Security be liable to pay any money due, either as principal or as interest, thereunder.

35. **Power of Boards of Port Authorities to make rules and regulations**

The respective Board's of each Port Authority may, from time to time, make rules and regulations, not inconsistent with any prescribed rules and regulations made by or directives of the Central Government, to provide for all or any of the following matters, namely,-

(a) stipulating the term, amount, denomination of and the form and manner in which, and the conditions subject to which the Port Securities can be issued and transferred;

(b) the power of one or two or more joint holders of any Port Security to grant receipts for any interest payable in respect of such security;

(c) the person, if any, authorised to sign, the manner in which his signature may be impressed and the mode of affixing the corporate seal and of attestation of documents relating to Port Securities issued or to be issued by the Port Authority;

(d) the manner in which payment of interest in respect of Port Securities is to be made, recorded and acknowledged;
(e) the circumstances, manner, conditions and fee subject to which Port Securities may be renewed before further payment of interest thereon can be claimed or otherwise;

(f) the circumstances, manner, conditions and fee subject to which the duplicate Port Securities may be issued by the Port Authority in case of loss, theft or destruction of such securities and the proof which is to be produced by a person applying for duplicate securities;

(g) the nature and amount of indemnity to be given by a person applying for the payment of interest on Port Securities alleged to have been wholly or partly lost, stolen or destroyed, or for the issue of duplicate Port Securities;

(h) the conversion, consolidation or sub-division of Port Securities issued by the Port Authority, the conditions and the fee subject to which such Port Securities may be converted, consolidated or sub-divided and the issuance of new security or securities in lieu thereof;

(i) generally, all matters connected with the grant of duplicate, renewed, converted, consolidated and sub-divided securities;

Provided that any rules and regulations made by the Board under this section shall not be in derogation of the Central Government guidelines applicable from time to time in this behalf.

36. Recognition as holder of Port Securities in certain cases and legal effect thereof

(1) The person to whom a duplicate or new security or securities has or have been issued under the rules and regulations made by the Board of the Port Authority under section 35 shall be deemed for the purposes of sub-section (2) to have been recognised by the Port Authority as the holder of the security or securities; and a duplicate security or a new security or securities so issued to any person shall be deemed to constitute a new contract between the Port Authority and such person and all persons deriving title thereafter through him.

(2) No recognition by the Port Authority of a person as the holder of a port security or securities shall be called in question by any court so far as such recognition affects the relations of the Port Authority with the person recognised by it as the holder of a port security or securities or with any person claiming an interest in such security or securities; and any such recognition by the Port Authority of any person shall operate to confer on that person a title to the security or securities subject only to a personal liability to the rightful owner of the security or securities for money had and received on his account.
37. Discharge in certain cases

Notwithstanding anything contained in the Limitation Act, 1963 (36 of 1963) -

(a) on payment of the amount due on a Port Security on or after the date on which payment becomes due, or

(b) when a duplicate security has been issued under the rules and regulations made by the Board of the Port Authority under section 35, or

(c) when a new security or securities has or have been issued upon conversion, consolidation or sub-division under the rules and regulations made by the Board of the Port Authority under section 35,

the Port Authority shall be discharged from all liability in respect of the security or securities so paid or in place of which a duplicate or new security or securities has or have been issued -

(i) in the case of payment - after the lapse of six years from the date on which payment was due;

(ii) in the case of a duplicate security - after the lapse of six years from the date of the issue thereof or from the date of the last payment of interest on the original security, whichever date is later;

(iii) in the case of a new security issued upon conversion, consolidation or sub-division after the lapse of six years from the date of the issue thereof.

38. Security for loans taken out by the Boards of Port Authorities

If a loan under section 32 is raised by the Board of any Port Authority and a security other than the Port Security is required to be furnished to secure such loan, the Board of that Port Authority may secure the such loan against -

(a) the Port Assets other than -

(i) any sum set apart by the Port Authority-

(1) as the sinking fund for the purpose of paying off any loan; or

(2) for the payment of pension to its employees; or

(ii) the provident or pension fund established by the Port Authority; and
39. **Power of Port Authority to repay loans to Government before due date**

The Port Authority may apply any sums, out of moneys which may come into its hands under the provisions of this Act and which can be so applied without prejudicing the security of the other holders of port securities, in repaying to the Government any sum which may remain due to it in respect of the principal of any loan although the time fixed for the repayment of the same may not have arrived.

40. **Establishment and application of sinking fund**

(1) In respect of loans raised by the respective Board's of the Port Authorities under this Act, the Board of that Port Authority shall set apart out of its income enough sinking fund or funds to service or liquidate such loans for a period of at least one year.

(2) Where any sinking fund has, before the notification of this Act, been established by the Board of any Port Authority in respect of a loan raised by it for which loan the Port Authority is liable under this Act, the sinking fund so established by that Board shall be deemed to have been established by that Board under this section.

(3) The sums so set apart by the Board of the Port Authority under sub-section (1) and the sums forming part of any sinking fund referred to in sub-section (2) shall be applied in such manner and in such securities as the Board of such Port Authority may decide in this behalf from time to time, and shall be held in trust for the purposes of this Act by the Board.

(4) The Board of the Port Authority may apply the whole or any part of the sums accumulated in any sinking fund in or towards the discharge of the moneys for the repayment of which the fund has been established:

Provided that it pays into the fund in each year, and accumulates until the whole of the moneys borrowed are discharged a sum equivalent to the interest which would have been produced by the sinking fund, or the part of the sinking fund so applied.

41. **Power of Boards of Port Authorities to raise loans on short-term bills**

Nothing contained in this Act shall be deemed to affect the power of the Boards of Port Authorities to raise loans under the Local Authorities Loans Act, 1914 (9 of 1914).
42. **Power of Boards of Port Authorities to take temporary loans or overdrafts**

Notwithstanding anything contained in this Act, the respective Board's of each Port Authority may borrow moneys by means of temporary overdraft or otherwise by pledging the securities held by the Port Authority in its reserve funds or on the security of the fixed deposits of the Port Authority in its banks:

Provide that such temporary overdrafts or other loans shall not be taken, without previous sanction of the Central Government, if at any time in any year the amount of such overdrafts or other loans exceeds a sum equivalent to fifty percent of the Capital Reserves of the Port Authority:

Provided further that all moneys so borrowed by temporary overdrafts or otherwise shall be expended for the purposes of this Act.

43. **Existing loans and securities to continue as per the Major Port Trusts Act, 1963**

Notwithstanding anything contained in this Act, all loans raised or borrowed and all securities issued or pledged in relation to a Major Port prior to the commencement of this Act shall continue to be governed in accordance with the provisions of the Major Port Trusts Act, 1963 (38 of 1963).

**PART II**

**GENERAL ACCOUNTS OF PORT AUTHORITIES**

44. **General accounts of Port Authorities**

All moneys received by or on behalf of the Port Authority under the provisions of this Act shall be credited to such general account or accounts of the Port Authority which the Board of such Port Authority may from time to time generally open with the licensed banks.

45. **Application of money in general accounts**

(1) The moneys credited to the general account or accounts under section 44, shall be applied by the Port Authority in payment of the following charges, namely, -

(a) the salaries, fees, allowances, pensions, gratuities, compassionate allowances or other moneys due to -

(i) the Members of the Board of such Port Authority except the Chairman, Independent Members and Government Nominee Member;

(ii) the employees of the Port Authority; and
(iii) the surviving relatives if any of such employees;

(b) the cost and expenses, if any, incurred by the Port Authority in the conduct and administration of any provident or welfare fund or loan or special fund established by the Port Authority;

(c) the maintenance, development, security and protection of the Port Authority and the docks, warehouses and other properties of the Port Authority;

(d) the cost of repairs and maintenance of the property belonging to or vested in the Port Authority and all charges upon the same and all working expenses;

(e) the costs, expenses, sums, payments and contributions to be made or incurred by the Port Authority generally for the purposes of this Act;

(f) any other charge or expenditure for which the Port Authority may be legally liable.

(2) All moneys standing to the credit of the Port Authority which cannot immediately be applied in the manner or for the purposes specified in subsection (1) may be used for such lawful purposes as the Board of such Port Authority may from time to time decide.

(3) Notwithstanding anything contained in section 44 and sub-sections (1) and (2), moneys received by or on behalf of the Port Authority from non-port or non-maritime activities except those falling under section 66 of this Act shall be credited to a designated account and shall be applied by the Port Authority for capital investment or for such purposes as prescribed by the Central Government from time to time.

PART III

ACCOUNTS AND AUDIT

46. Books of accounts, etc. to be kept by Port Authorities

(1) The respective Board’s of each Port Authority shall prepare and keep books of account and other relevant books and papers and financial statement for every financial year which gives a true and fair view of the state of affairs of the Port Authority and such books shall be kept on accrual basis and according to the double entry system of accounting.

(2) The financial statements shall give a true and fair view of the state of affairs of the Port Authority and comply with the accounting standards notified under the Companies Act, 2013 (18 of 2013) or as prescribed by the Central Government.

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Provided that the items contained in such financial statements shall be in accordance with the accounting standards.

Provided further that the financial statements shall not be treated as not disclosing a true and fair view of the state of affairs of the Port Authority, merely by reason of the fact that they do not disclose any matters which are not required to be disclosed by any law for the time being in force.

(3) Without prejudice to sub-section (2), where the financial statements of the Port Authority do not comply with the accounting standards referred to in sub-section (2), such Port Authority shall disclose in its financial statements, the deviation from the accounting standards, the reasons for such deviation and the financial effects, if any, arising out of such deviation.

(4) The financial statements shall be approved by the Board of the Port Authority before they are signed on behalf of the Port Authority.

Explanation - For the purposes of this section, except where the context otherwise requires, any reference to the financial statement shall include any notes annexed to or forming part of such financial statement.

47. Audit

(1) The Board of each Port Authority shall appoint an internal auditor, who shall either be a chartered accountant or such other professional as may be decided by the Board to conduct internal audit of the functions and activities of the Major Port.

Explanation - For the purposes of this sub-section –

(i) the internal auditor may or may not be an employee of the Port Authority;

(ii) the term “chartered accountant” shall mean a chartered accountant whether engaged in practice or not.

(2) The Board or any audit committee appointed by the Board shall, in consultation with the internal auditor, formulate the scope, functioning, periodicity and methodology for conducting the internal audit.

(3) The accounts of the Port Authorities shall be audited once in every year by the Comptroller and Auditor-General of India or such other persons as may be appointed by him in this behalf and any amount payable to him by the Port Authorities in respect of such audit shall be debitible to the general account or accounts of the Port Authorities.
The Comptroller and Auditor-General of India or any person appointed by him in connection with the audit of the accounts of the Port Authority shall have the same rights, privileges and authority in connection with such audit as the Comptroller and Auditor-General of India has in connection with the audit of Government amounts and, in particular, shall have the right to demand the production of books of accounts, connected vouchers and other documents of the Port Authority.

48. Publication of audit report

(1) Within fourteen days after the audit and examination of the accounts of the Port Authority have been completed, the Comptroller and Auditor-General of India shall forward copies of the audit report to the Central Government and to that Port Authority.

(2) The Central Government shall cause every audit report to be laid for not less than thirty days before each House of Parliament as soon as may be after such report is received by that Government.

49. Port Authority to remedy defects and irregularities pointed out in audit report

The Board of the Port Authority shall forthwith take into consideration any defects or irregularities that may be pointed out by the Comptroller and Auditor-General of India in the audit report on the income and expenditure of the Port Authority and shall take such action thereon as the Board of that Port Authority may think fit and shall also send a report of the action so taken to the Central Government.

50. Central Government to decide difference between Port Authority and auditors

If there is a difference of opinion between any Port Authority and the Comptroller and Auditor-General of India on any point included in the audit report, and the Port Authority is unable to accept and implement the recommendations, if any, made by him on such point, the matter shall forthwith be referred to the Central Government which shall pass final orders thereon and the Port Authority shall be bound to give effect to such orders.

CHAPTER V
RIGHTS AND POWERS OF CENTRAL GOVERNMENT

51. Administration report

As soon as may be after the first day of April in every year and not later than ninety days from the last day of March in succeeding year, the respective Board's of each Port Authority shall submit to the Central Government a
detailed report of the administration of the Port Authority during the preceding year ending on the thirty-first day of March, in such form as the Central Government may direct.

52. **Submission of statements of income and expenditure to Central Government**

(1) The respective Board’s of each Port Authority shall annually if directed by the Central Government so to do, submit statements of its income and expenditure in such form and at such time as that Government may direct.

(2) A copy of all such statements shall be open to the inspection of the public at the office of the Port Authority during office hours on payment of such fee for each inspection as may from time to time be fixed by the Board of that Port Authority.

53. **Power of Central Government to order survey or examination of works of Port Authority**

The Central Government may, at any time, order a local survey or examination of any works of the Port Authority, or the intended site thereof and the cost of such survey and examination shall be borne and paid by the Port Authority from and out of the moneys credited to its general account.

54. **Power of Central Government to restore or complete works at the cost of Port Authority**

(1) If, at any time, the Central Government is of the opinion that the inaction by any Port Authority in repairing, completing, restoring, carrying or providing any work or appliance mentioned in sub-section (2) has led to a grave emergency, the Central Government may cause such work to be restored or completed or carried out, or such repairs to be carried out or such appliance to be provided and the cost of any such restoration, completion, construction, repair or provision shall be paid by the concerned Port Authority from and out of the moneys credited to its general account.

(2) The following actions or omissions may be considered to have led to grave emergency under sub-section (1), if any Port Authority-

(a) allows any work or appliance constructed or provided by, or vested in, the Port Authority to fall into disrepair; or

(b) does not, within a reasonable time, complete any work commenced by the Port Authority or included in any estimate sanctioned by the Central Government; or
(c) does not, after due notice in writing, proceed to carry out effectually any work or repair or provide any appliance which is necessary in the opinion of the Central Government for the purposes of this Act.

55. **Power of Central Government to take over management of Port Authority**

(1) If, at any time, the Central Government is of opinion-

(a) that on account of a grave emergency, any Port Authority is unable to perform the duties imposed on it by or under the provisions of this Act or of any other law, or

(b) that any Port Authority has persistently made default in the performance of the duties impose upon it by or under the provisions of this Act or of any other law and as a result of such default, the financial position or the administration of that Port Authority has greatly deteriorated,

the Central Government may, by notification in the Official Gazette, take over the management of that Port Authority for such period, not exceeding twelve months at a time, 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 time of not less than three months to the Port Authority to show-cause why its management should not be taken over and shall consider the explanations and objections, if any, of that Port Authority.

(2) Upon the publication of a notification under sub-section (1) for taking over the management of the Port Authority,-

(a) all the members of the Board of that Port Authority shall, as from the date of taking over, stand removed from their respective office or positions in the Board;

(b) all the powers and duties which may, by or under the provisions of this Act or of any other law, be exercised or performed by or on behalf of the Board of that Port Authority, shall be exercised and performed by such person or persons as the Central Government may direct in this behalf until the Board of that Port Authority is reconstituted under clause (b) of sub-section (3);

(c) all property vested in the Port Authority shall, until the Board of that Port Authority is reconstituted under clause (b) of sub-section (3), vest in the Central Government.
(3) On the expiration of the period of taking over specified in the notification issued under sub-section (1) or at any time prior to such expiration, the Central Government may by notification in the official Gazette-

(a) extend the period of taking over the management of the Port Authority for such further term, not exceeding twelve months, as it may consider necessary, or

(b) reconstitute the Board of that Port Authority by making fresh appointment to all posts of the Board on such terms and conditions as the Central Government may consider necessary, and in such case, any persons who stand removed from their offices under clause (a) of sub-section (2) shall not be deemed disqualified for appointment.

56. Central Government to present report before Parliament

For any action or actions taken under sections 54 and 55 and any notification issued under section 55, the Central Government shall prepare and cause a full report of any such action or actions and notification and the circumstances leading to such action to be laid before each House of Parliament at the earliest possible opportunity.

57. Power of Central Government to exempt from obligation to use Port Assets

Notwithstanding anything mentioned to the contrary in this Act, the Central Government may, if in its opinion it is necessary in the national interest or national security or on account of a grave emergency so to do, by general or special order, from time to time, permit certain specified vessels or classes of vessels to discharge or ship goods or certain specified goods or classes of goods, at such place in a Major Port or within the Major Port Approaches, in such manner, during such period and subject to such payments to the concerned Port Authority in relation to such Major Port or such Major Approaches and on such conditions as the Central Government may think fit.

58. Port Authority not to sell, alienate or divest its assets, properties, rights, powers and authorizations without sanction of Central Government

The Port Authority shall not sell, alienate or divest its assets, properties, rights, powers and authorisation vested in it under Chapters III and IV of this Act without the prior sanction of the Central Government.

59. Remedies of Government in respect of loans made to Port Authorities

(1) At the time notification of this Act, the Central Government or a State Government shall have, in respect of loans made by it to the Port Authority or of loans made to any other authority for the repayment of which the Port Authority shall act as agent, such loans shall be deemed to be loans made in terms of a loan agreement made between the Central Government or State Government and the Port Authority.
Authority is legally liable, the same remedies and priority as applicable under the Major Port Trusts Act, 1963.

(2) For prospective loans by the Central or State Governments or of loans made by any other authority, the remedies would be the same as available to holders of Port Securities issued by the Port Authority; unless priority or greater rights are granted by the Port Authority in respect of such loans within the respective loan agreements.

60. Power of Central Government to make rules and regulations and issue directions to Port Authorities

(1) Without prejudice to the foregoing provisions of this Chapter, the Central Government shall have the right to frame rules and regulations for, or to issue directions to, every Port Authority either individually or collectively in matters related to:

(a) national emergency,

(b) national security,

(c) public policy and interest;

(d) code of conduct to be followed by the Independent Members and Labour Nominee Member under sub-section 8 of section 10;

(e) usage of property by the Port Authority for non-port or non-maritime activities except those falling under Section 66 of this Act;

(f) fixation and implementation of scales, fees, rates and conditions by Port Authorities under section 27;

(g) the time and manner in which controlled goods may be sold by the Port Authorities under sub-section (3) of section 30;

(h) the time and manner for submission by Port Authorities the statement of its income and expenditure under section 52;

(i) joint ventures, collaborations, grant of concession and public private partnership policies;

(j) day to day affairs and other activities of the Port Authorities.

(2) The Port Authority shall be given the opportunity to express its views before any direction is issued by the Central Government under sub-section (1) and unless amended, such directions once issued shall be final.
CHAPTER VI
MISCELLANEOUS PROVISIONS

61. Port Authority of each Major Port to be a body corporate

The Port Authority of each Major Port constituted under this Act shall be a body corporate having perpetual succession and a common seal with power, subject to the provisions of this Act, to acquire, hold or dispose of property and may by the name by which it is constituted, sue or be sued.

62. Limitations of proceedings against the Board of the Port Authority

No suit of other proceeding shall be commenced against the Board of a Port Authority or any Member thereof for anything done, or purporting to have been done, in pursuance of this Act until the expiration of one month after notice in writing has been given to the Board or the concerned Member stating the cause of action, or after six months after the accrual of the cause of action.

63. Protection of acts done in good faith

No suit of other legal proceeding shall lie in individual capacity against the Board of a Port Authority or any Member or employee thereof in respect of anything that is in good faith done or intended to be done under this Act or any rule or regulation made thereunder, or for any deficiency of Service or any consequential losses on account of deficiency in Services.

64. Power to evict certain persons from the premises of the Board

(1) Notwithstanding anything contained in any other law for the time being in force, the Board of a Port Authority in exercise of the powers conferred on it by rules and regulations made under this Act cancel the allotment of any premises made to any employee or any other person or evict an employee or any person in occupation of any Port Asset or premises or area in the Port Limits; by notice in writing, addressed to such allottee or employee or other person who may be in occupation or possession thereof in violation of the rules prescribed or formulated by the Port Authority. The notice issued by the Board shall indicate the reasons for cancellation of allotment or eviction or removal along with the period within which the removal or eviction is sought.

Explanation- For the purposes of this section, "premises" means any building or part of a building which is part of Port Assets and includes -

(i) areas such as canteens, gardens, grounds and out-houses, if any, appertaining to such building or part of a building;

(ii) any fittings affixed to such building or part of a building for the more beneficial enjoyment thereof; and
(iii) any furniture, books or other things belonging to the Board and found in such building or part of a building.

(2) If any allottee or employee or other person refuses or fails to comply with an order made under sub-section (1), any magistrate of the first class may, on application made by or on behalf of the Board, order any police officer, with proper assistance, to enter into the premises and evict any person from, and take possession of, the premises and to deliver the same to the Board or a person appointed by the Board in that behalf and the police officer may, for the purpose, use such force as may be necessary.

(3) Any such notice as is referred to in sub-section (1) may be served -
(a) by delivering or tendering it to the allottee or any other person who may be in occupation or possession of the whole or any part of the premises, or
(b) if it cannot be so delivered or tendered, by affixing it on the outer door or some other conspicuous part of the premises, or
(c) by registered post.

65. Alternate remedy by suit

Without prejudice to any other action that may be taken under this Act, the respective Board's of each Port Authority may recover by suit any rates, damages, expenses, costs, or in case of sale the balance thereof, when the proceeds of sale are insufficient, or any penalties payable to, or recoverable by, the Board under this Act or under any rules and regulations made in pursuance thereof.

66. Corporate Social Responsibility and development of infrastructure by Port Authority

(1) The Port Authority of each Major Port may use its funds for providing social benefits including development of infrastructure in areas of education, health, housing, accommodation, skill development, training and recreational activities within the Port Limits for its own employees, customers, business partners, Government and Non Government Organization, local communities, environment and society at large.

(2) Each Port Authority having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee appointed by the Board consisting of three or more Members, out of which at least one Member shall be an Independent Member.

(3) The Corporate Social Responsibility Committee shall,
(a) formulate and recommend to the Board of the Port Authority, a Corporate Social Responsibility Policy for the Port Authority which must be in accordance with the regulations prescribed by the Central Government;

(b) recommend the amount of expenditure to be incurred on the activities included in the Corporate Social Responsibility Policy; and

(c) monitor the Corporate Social Responsibility Policy of the Port Authority from time to time.

(4) The Board of each Port Authority referred to in sub-section (2) shall,-

(a) after taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the Port Authority and disclose contents of such Policy to the Central Government and also on the Port Authority’s website, if any; and

(b) ensure that the activities as are included in Corporate Social Responsibility Policy of the Port Authority are undertaken by the Port Authority.

(5) The Board of each Port Authority referred to in sub-section (2), shall ensure that the Port Authority spends, in every financial year, at least two (2) per cent of the average net profits of the Port Authority made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy:

Provided that the Port Authority shall give preference to the Port Limits where it operates, for spending the amount earmarked for Corporate Social Responsibility activities:

Provided further that if the Port Authority fails to spend such amount, the Board shall, in its audit report, specify the reasons for not spending the amount.

Explanation- For the purposes of this section "average net profit" shall be calculated in accordance with the provisions of section 198 of the Companies Act 2013 or as may be prescribed by the Central Government.

67. Repeal and savings

(1) Upon the notification of this Act, the Major Port Trusts Act, 1963 shall stand repealed.

(2) Notwithstanding the repeal of the Major Port Trusts Act, 1963 under sub-section (1),-
anything done primarily by the board of trustees under the Major Port Trusts Act, 1963 in respect of any rule, notification, inspection, order or notice made or issued or any appointment or declaration made or any operation undertaken or any direction given or any proceeding taken or any penalty, punishment, forfeiture or fine imposed under the Major Port Trusts Act, 1963, shall, insofar as it is not inconsistent with the provisions of this Act, be deemed to have been done or taken under the corresponding provisions of this Act;

any order, rule, notification, regulation, appointment, conveyance, mortgage, deed, trust, special purpose vehicle, joint venture, document or agreement made, fee directed, resolution passed, direction given, proceeding taken, instrument executed or issued, or thing done under or in pursuance of the repealed Major Port Trusts Act, 1963 shall, if in force at the commencement of this Act and not inconsistent with the provisions of this Act, continue to be in force, and shall have effect as if made, directed, passed, given, taken, executed, issued or done under or in pursuance of this Act;

any principle or rule of law, or established jurisdiction, form or course of pleading, practice or procedure or existing usage, custom, privilege, restriction or exemption shall not be affected, notwithstanding that the same respectively may have been in any manner affirmed or recognised or derived by, in, or from, the repealed Major Port Trusts Act, 1963;

any person appointed to any office under or by virtue of the repealed Major Port Trusts Act, 1963 shall be deemed to have been appointed to that office under or by virtue of this Act;

any jurisdiction, custom, liability, right, title, privilege, restriction, exemption, usage, practice, procedure or other matter or thing not in existence or in force shall not be revised or restored;

any documents and any funds constituted and established under the repealed enactments shall be deemed to be documents and funds constituted or established under the corresponding provisions of this Act;

any prosecution instituted under the repealed enactments and pending immediately before the commencement of this Act before any Court shall, subject to the provisions of this Act, continue to be heard and disposed of by the said Court; and

any inspection, investigation or inquiry ordered to be done under the repealed Major Port Trusts Act, 1963 shall continue to be proceeded with as if such inspection, investigation or inquiry has been ordered under the corresponding provisions of this Act.
(3) The mention of particular matters in sub-section (2) shall not be held to prejudice the general application of section 6 of the General Clauses Act, 1897 with regard to the effect of repeal of the Major Port Trusts Act, 1963.

68. **Power to remove difficulties**

If any difficulty arises in giving effect to the provisions of this Act, particularly in relation to the transition from the enactments repealed by this Act to the provisions of this Act, the Central Government may, by general or special order, do anything not inconsistent with such provisions which appears to it to be necessary or expedient for the purpose of removing the difficulty:

Provided that no such order shall be made in respect of a Major Port after the expiry of a period of two years from the date on which this Act is made applicable to that Major Port.