

GOVERNMENT OF KARNATAKA

No: PWD 111 PSP 2017

Karnataka Government Secretariat,
Vikasa Soudha,
Bangalore, Dated : 07th September 2019

NOTIFICATION

Whereas, the draft of the Karnataka Maritime Board Rules, 2019 which the Government of Karnataka proposes to make in exercise of the powers conferred by Section 109 of the Karnataka Maritime Board Act, 2015 (Karnataka Act 41 of 2017) and in supersession of Notification No. PWD 111 PST 2017, dated: 26.03.2018 published in Karnataka Gazette dated: 26.03.2018 was published in Notification No.PWD 111 PSP 2017 dated: 18th May 2019, in Part IV-A of the Karnataka Gazette dated: 13-06-2019 inviting objection and suggestion from all person likely to be affected thereby within fifteen days from the date of its publication in the Official Gazette.

Whereas, the said Gazette was made available to the public on 13th June 2019.

And Whereas, objections and suggestions not received in respect of the said draft Rules.

Now, therefore, in exercise of the powers conferred by Section 109 of the Karnataka Maritime Board Act, 2015 (Karnataka Act 41 of 2017) the Government of Karnataka hereby makes the following rules, namely:-

RULES

CHAPTER – I

PRELIMINARY

1. Title and commencement.- (1) These rules may be called the Karnataka Maritime Board Rules, 2019.

(2) They shall come into force from the date of their final publication in the Official Gazette.

2. Definitions.- (1) In these rules, unless the context otherwise requires,-

- (a) **“Act”** means the Karnataka Maritime Board Act, 2015 (Karnataka Act 41 of 2017);
- (b) **“Annexure”** means annexure appended to these rules;
- (c) **"Bank"** means any scheduled bank within the meaning of the Reserve Bank of India Act 1934 (Central Act II of 1934) or any corresponding new bank as defined in the Banking Companies Act 1970 (Central Act 5 of 1970) or State Bank of India as defined in the State Bank of India Act, 1955(Central Act 23 of 1955) or its

subsidiary banks as defined in the State Bank of India (Subsidiary Banks) Act, 1959 (Central Act XXXVIII of 1959);

- (d) **"Borrowing Sum"** means any sum received by the Board as a loan from an international financial institution or a financial institution or a bank or by way of subscriptions from public either with or without the issue of bonds or debentures or stocks or otherwise;
- (e) **"Chief Executive Officer"** means, the person appointed by the Government to be the Chief Executive Officer of the Board under sub-section (1) of Section 17 of the Act;
- (f) **"Committees"** means committees constituted by the Board;
- (g) **"Debentures or Bonds"** means a security document issued by the Board for the money borrowed;
- (h) **"Financial Institution"** includes a scheduled Bank, and any other financial institutions defined or notified under the Reserve Bank of India Act, 1964 (2 of 1934);
- (i) **"Form"** means a form appended to these rules;
- (j) **"Local Advisory Committee"** shall mean the committee constituted by the Government under Section 106 of the Act;
- (k) **"Registrar of Funds"** means the Chief Finance Officer or such other officer of the Board as may be specified by an order of the Chief Executive Officer to be in charge of receipts, expenditure and accounts of sums borrowed by the Board;
- (l) **"Section"** means a section of the Act.

(2) The words and expression used in these rules but not defined and defined in the Act shall have the same meanings as assigned to them in the Act.

CHAPTER – II FEES AND TRAVELLING ALLOWANCES

3. Fees and travelling allowances for members of the Board or other committees.- (1) The Ex-officio members of the Board or committees, shall for the journey performed for the purpose of the Board or for the meetings of the committees be entitled to the travelling allowance applicable to him on such service.

(2) The non-official members of the Board or committees shall for the journey performed for the purpose of the Board or for the meetings of the committees, be entitled to the travelling allowance at the rates and subject to the conditions specified in the Karnataka Civil Services Rules, applicable to Officers of Class I, from time to time.

(3) The Members of the Board or the committees shall be paid a sitting fee of rupees one thousand per day for attending meetings of the Board or the committees or conferences.

(4) It shall be open to the Chairman or any other members not to draw any remuneration but to work in an honorary capacity.

CHAPTER – III
APPOINTMENT OF BOARD EMPLOYEES

4. Terms and conditions of Chief Executive Officer.- (1) Save as otherwise provided in these rules, the term of office of the Chief Executive Officer of the Board shall be not less than one year.

(2) The Government shall appoint an officer from the cadre of IAS or any equivalent cadre, or officer from central service or Group A officer of the State cadre not below the rank of Selection Grade of IAS having knowledge in the field of ports and inland waterways and the matters connected thereto.

(3) The Chief Executive Officer shall receive such monthly salary and other allowances payable wholly by the Board, as the Government may determine from time to time.

(4) The State Government may from time to time grant leave of absence for such period as it thinks fit to the Chief Executive Officer. A copy of every order granting leave to the Chief Executive Officer shall be communicated to the Chairman.

(5) Chief Executive Officer shall exercise such powers and discharge the duties as are conferred on him and delegated to him by or under the Act.

5. Competent authority to appoint staff of the Board.- Chief Executive Officer shall be the Competent Officer to appoint other staffs of the Board subject to the following Conditions namely:-

- (a) the appointment shall be in accordance with the method of recruitment of the employees of the Board specified by the regulations under sub section (2) of Section 18 of the Act;
- (b) the appointment shall be in accordance with the various service rules applicable to the appointment of State Government employees; and
- (c) the Rules and Orders regarding reservation in appointment shall be strictly followed.

CHAPTER – IV
EXECUTION OF CONTRACT

6. Mode and manner of executing contracts.- (1) The Board may enter into and perform all such contracts as it may consider necessary or expedient for carrying into effect the provisions of the Act.

(2) Every Contract for the execution of any work or the supply of any materials or goods under section 78 which involve an expenditure exceeding Rupees One lakh shall be in writing.

(3) Every contract made under or for any purpose of the Act shall be executed on behalf of the Board and shall be signed by the Chief Executive Officer or any officer of the Board authorised in this behalf.

(4) In respect of executing contracts on behalf of the Board under Section 24 of the Act as far as practicable, the standard tender document issued for procurement of works and consultancy services by Finance Department or Public Works Department, Government of Karnataka shall be followed subject to the rules and orders issued by the Government from time to time.

(5) In inviting tenders and entering into contracts the Board shall, follow the principles laid down in the Karnataka Transparency in Public Procurement Act, 2000 and the Rules framed thereunder.

(6) A Contract not executed in accordance with the provisions of these Rules and the provision of the Act shall not be binding on the Board.

(7) The Chief Executive Officer or any officer of the Board authorised in this behalf shall execute the lease and license agreement with the port users for the lease and license of port infrastructure, port assets, port land etc. as per the applicable rules and regulations made from time to time.

CHAPTER - V

ACCOUNTS AND AUDITS

7. Budget Estimate.- (1) Budget estimate showing the estimated income and expenditure of the Board for the next financial year shall be prepared in the **Form -1**.

(2) In addition to giving short details in remarks column, necessary explanatory note be added, giving larger details of income and expenditure for the purpose of understanding the overall position of income and expenditure of the Board.

8. Account and Audit.- (1) The Board shall keep at its Head-office proper books of account with respect to,-

- (a) all moneys received by it;
- (b) all other transactions of a pecuniary nature; and
- (c) assets and liabilities of the Board.

(2) The annual financial statement of accounts to be prepared by the Board and submitted to the Government under Section 88 of the Act shall be in **Form - 2**.

(3) The format for submission of the Balance Sheet of the Board under sub section (1) of Section 88 shall be in **Form - 3**.

(4) The income and expenditure of the Board shall be in form 4.

CHAPTER - VI

TRANSFER OF ASSETES AND LIABILITIES

9. Transfer of assets and liabilities.- (1) The properties, assets and funds referred to in clause (a) of Section 20 of the Act shall be valued though an independent valuer approved by the Government and in such manner as the Government may determine.

(2) Upon valuation by the independent valuer referred to in sub-rule (1) above, the properties, assets and funds and all rights to levy rates vested in the Government for the purposes of the port Inland Water Ways / Ferry Services and Coastal Protection Works immediately before the appointed day shall vest in the Board and until completion of the valuation by the independent valuer and other process relating to vesting of the same with the Board, the Government shall continue to discharge all the rights and obligations with respect thereto on behalf of the Board, in the same manner as it was discharging prior to the constitution of Board.

(3) After the appointed day, the Government shall furnish the following information to the Board;

- (a) description and details of all the assets and liabilities transferred to the Board under the Act;
- (b) details about contracts, projects, schemes undertaken by the Government and which are transferred to the Board under the Act; and
- (c) particulars about the legal proceedings by or against them in connection with any assets or liabilities transferred to the Board under the Act and pending as on the date of establishment of the Board.

(4) Where any property or assets have been transferred to and vested in the Board under the Act, then;

- (a) every person, in whose possession, custody or control any such property or assets may be, shall deliver the property or assets to the Board forthwith.
- (b) any person who on the appointed date, has in his possession, custody or control any papers, books, documents, registers, records, or any property of whatever nature, relating to the Port Inland Water Ways or Ferry Services and Coastal Protection Works shall be liable to deliver them to the Board or to such person as the Board may direct.

(5) Where any doubt or dispute arises as to whether any property or asset has vested in the Board or any right, liability or obligation has become the right, liability or obligation of the Board, such doubt or dispute shall be referred to the Government whose decisions thereon shall be final and binding on the Board.

CHAPTER – VII

DETERMINING COMPENSATION

10. Determining fair and reasonable compensation.- In determining fair and reasonable compensation under sub section (3) of Section 36 of the Act, the prevailing market rates of the cost of materials and the age of the wharfs etc., shall be taken in to consideration.

CHAPTER – VIII
LOCAL ADVISORY COMMITTEE

11. Karnataka Maritime Board Local Advisory Committee.- (1) The members of the Local Advisory Committee shall hold office for a period of three years and shall on the expiration of their term of office, be eligible for re-appointment.

(2) The Local Advisory Committee shall meet at least once in two months. The Chairman may call a special meeting of the Local Advisory Committee whenever the Chairman of the Board deems it necessary in connection with any urgent business transaction.

(3) Every meeting of the Local Advisory Committee shall be presided over by the Chairman and in the absence of the Chairman, by a member nominated by the Chairman and in the absence of both the Chairman and such member, by any person elected by the members of the Local Advisory Committee present at the meeting from amongst members.

(4) Unless the Board otherwise decides, all meeting of the Local Advisory Committee shall be held within the jurisdiction of the Port Officer, who is the ex-officio Chairman of the Local Advisory Committee.

(5) All the members of the Committee who were present during the meeting shall affix their signatures to the record of the proceedings of the meetings of the Committee. The Chief Executive Officer shall maintain the record of proceedings of each meeting.

(6) The proceedings of every meeting of the Local Advisory Committee shall be placed before the Board at its next meeting.

12. Fees and Travelling allowances for Members of the Local Advisory Committee.- (1) Provisions of Karnataka Civil Service Rules Annexure A regulating the payment of travelling allowances to non-official members of councils, committees, conferences and other bodies constituted under the authority of the Government shall be applicable for payment of travelling and daily allowance to the members of the Local Advisory Committee other than a Government Servant.

(2) Members of the Local Advisory Committee who is in the Government service shall be entitled to draw daily allowance and travelling allowance on the scale admissible to him under the Travelling Allowance Rules applicable to him on such service as a Government servant.

CHAPTER – IX
TERMS AND CONDITIONS FOR BORROWING OF SUMS

13. Borrowing of sums by the Board.- (1) Subject to provisions of the Act and such conditions as may be specified from time to time by the Government in each case, the Board may, with the previous sanction of the Government, borrow moneys from any financial institutions of a bank as

defined in these rules for the purposes of the Act including but not limited to any specific improvement works or for taking up any major capital project or work for development of new non-major ports or augmenting the port facilities, carrying out maintenance and operation of the ports, providing facilities and creating infrastructure for ship building, ship breaking etc.

(2) The Board may also from time to time, and with the previous sanction of the Government and subject to any statutory regulations under various statutes in vogue from time to time raise funds or borrow moneys by issuing Debentures or Bonds or Stocks or Dock certificates for the purposes of the Act including for the works or for any major capital or project works mentioned in sub-rule (1):

Provided that, the maximum amount which the Board may at a time raise as loan under this rule shall be rupees ten crores, unless the Government may by notification fix a higher amount.

(3) Subject to such conditions as may be prescribed by an order of the Government and the provisions of these rules, the Board may borrow sums from different sources for each of different sub-works of a work if such a sub-work or a group of sub-works is capable of being taken up and completed independent of the total work or project work as a whole.

(4) The debentures or bonds or stocks or dock certificate to be issued, issue price, form of debenture or bonds or stocks and the date of maturity shall be determined by the Board from time to time with the prior approval of Government.

(5) Debenture or bonds or stocks or dock certificate shall be guaranteed by the State Government as to the repayment of principal and payment of interest.

(6) The rate of interest shall be such as may, be fixed from time to time by the State Government.

(7) The debentures redemption fund shall be constituted for repayment of the debentures whose balance should not, at any time, be below the amount of outstanding debentures.

14. Determination of amount for borrowing.-Subject to proviso under sub-rule (2) of rule 13, the total amount of a sum or sums proposed to be borrowed from time to time under sub-rule (1) of rule 13, the form of borrowing and period of repayment and other terms and conditions thereto shall be determined by the Board from time to time with the previous approval of the Government.

15. Conditions subject to which debentures or bonds may be issued.-(1) The interest on the debentures or bonds shall be paid half yearly which are subject to deduction of income tax at source.

(2) The debentures or bonds shall be redeemable at par on the dates noted therein and the holder shall have no claim upon the Board for the interest accruing after the expiry of the term.

(3) The Debentures or Bonds which by reason of damage sustained have become unfit in circulation, shall be replaced at the request of the holder on surrendering the damaged or defaced debentures or bonds provided that the essential marks for genuineness and identity such as the number, the amount, the rate of interest, the date and signature of the Chairman and the member of the Board are still recognisable. Fresh debentures or bonds certificate shall also be issued to replace lost or debenture or bond certificate when in the opinion of the Board, the fact of destruction is proved beyond doubt. When such proof is not produced or when in case of damage, the essential marks on the debentures or bond certificate are lost and no longer recognisable, or when debenture or bond certificate has been lost or has been mislaid, a new debenture or bond certificate may be issued only after the debenture which is alleged to be missing or unrecognisable has been advertised by the claimant in the manner specified by the Board and is not claimed by any other person.

(4) The Debenture Holder or Bond Holder will furnish an indemnity bond prescribed on the non-judicial stamp duly attested which would cover any loss that may be caused to the Board by misuse of the lost or damaged debenture or bond certificate.

(5) The reissue of a debenture or bond certificate shall be made for the same amount under the same number with the addition of the word "RENEWED". A fee of rupees One thousand shall be charged for every issue of renewed debenture or bond certificate thus issued.

(6) All debentures shall be signed by the Chief Executive Officer or by any one of the authorized official members of the Board.

(7) Every debenture issued by the Board shall be transferable by endorsement, unless some other mode of transfer is specified therein.

(8) All coupons attached to debentures issued by the Board shall bear the signature of the Chief Executive Officer and such signature may be engraved, lithographed or impressed by any mechanical process.

16. Reservation of Debentures.-(1) The Board may, with the sanction of the Government, reserve the debenture bonds for issuing to any particular Bank or other Institution.

(2) Brokerage at such rate as may be fixed by the Board from time to time but not exceeding the rate shown in the Reserve Bank of India's sanction shall be paid to Banks, recognized brokers and authorized agents on their application and also on applications through them, bearing their seal, provided the total subscription received from them is not less than such sum as may be determined by the Board.

(3) Underwriting commission at such rates as may be determined by the Board, but not exceeding the rate shown in the Reserve Bank of India's sanction, shall be paid to Bankers and recognized Brokers who invest a sum of not less than the minimum amount that may be fixed by the Board.

17. Application.-Applications for the issue of debentures or bonds shall be made to the Registrar of Board funds of the Board, in such form and subject to such terms and conditions as may be specified in the notification of the Chief Executive Officer inviting applications for consideration.

18. Subscription.-(1) Subscriptions to the Debentures may be made by cheques or by crossed demand drafts of any specified bank in favour the Registrar of Funds of the Board. In respect of outstation cheques, commission and collection charges shall be borne by the subscriber. The debentures or bonds shall be issued only after the subscriptions are fully realized.

(2) If the subscriptions under sub-rule (1) exceed the total amount of debentures or bonds to be issued, partial allotment may be made on prorata basis and the balance of the sum paid at the time of application, shall be refunded within two months of the close of the date of subscription. The Board may, reserve the right to retain the subscriptions received up to ten percent in excess of the sum floated.

19. Value of debentures or stock or bonds.- The debentures or stock or bonds shall be issued in denomination of rupees one hundred, rupees one thousand, rupees ten thousand, rupees twenty five thousand, rupees fifty thousand, rupees one lakh and rupees five lakh.

20. Common seal of the Board.- The Common Seal of the Board shall not be affixed to any instrument except pursuant to a resolution of the Board and except in the presence of at least two Directors (one of whom shall be the Chief Executive Officer) who shall sign their names to the instrument in token of their presence, and such signing shall be independent of the signing of any person who may sign the instrument as a witness. Unless so signed as aforesaid, such instrument shall be of no validity.

21. Notification inviting subscriptions.-(1) The notification inviting subscriptions for issue of debentures or bonds shall, apart from form of application and the conditions, under rule 13, also specify following and all such other terms and conditions as may be required from time to time.-

- (a) brief description of debentures or bonds, indicating the percentage of interest and date of maturity.
- (b) the total amount of the issue and the issue price of each "bond" "debenture."
- (c) denomination of the bonds or debentures.
- (d) cost of the application.
- (e) manner of submission of the application
- (f) method of paying subscription
- (g) indication in regard to the authorised bank
- (h) rate of interest

- (i) place of payment of interest and specified periods for which interest is payable
- (j) manner of repayment on maturity
- (k) form of debenture or bond.
- (l) other conditions, if any.

22. Appointment of Registrar.-The Chief Executive Officer shall appoint a Chief Finance Officer or any other officer of the Board, as ex-officio Registrar of funds to be in charge of receipt of sums borrowed, issue of bonds debentures and receipt of subscriptions and for the administration of funds borrowed under rule 13 and maintenance of accounts of expenditure thereto.

23. Administrative Report.- The Board shall prepare Annual Administrative report in Form 5.

By Order and in the name of the
Governor of Karnataka,

(SHIVASHARANAPPA PATIL)
Under Secretary to Government,
Public Works, Ports and Inland Water
Transport Department (Ports).

Form – I
(See sub-rule (1) of rule 7)
Budget Form
Budget estimates of the Karnataka Maritime Board
Statement I: RECEIPTS

Sl. No.	Head of Accounts	Actuals for the past three years			Sanctioned Budget estimate for the current year	Revised estimate for the current year ____	Budget estimate for the next year ____	Explanation for Increase/Decrease
		2	3	4				
1.	Grant							
2.	Fees							
	Cargo related Fees (a) Landing Fees (b) Shipping Fees							
	Water transport related Fees (a) Passenger Levy (b) Passenger License Fee (c) I.V. Registration							
	Lease Rent related charges (a) Lease Rent (b) Shooting Charges (c) Ground Rent (d) Storing and stocking charges (e) Water Charges (f) Auction/disposal/Lease Premium							
	Vessel Related charges (a) Port Dues (b) Berthing and Jetty Charges (c) Anchorage and Mooring Charges (d) Mortgage Fees							
	Service related charges (a) Vessel Survey Charges (b) Pilotage							

	Charges (c) Tug Attendance Fee (d) Launch Hire Charges							
3.	Interest on investments							
	Investment realised							
4.	Others							
	Sale proceeds of land, building and equipment's							
	Loan							
	Deposits							
	Fines and forfeitures							
	Recoveries of advances							
	Fines and Penalties							
	Tender form Fees							
	Building Rents							
	EMD receivable							
	Miscellaneous Receipts							

Statement II: Expenditure

Sl. No.	Item	Actuals for the past three years			Sanctioned Budget estimate for the current year	Revised estimate for the current year ____	Budget estimate for the next year ____	Explanation for Increase/Decrease
		2	3	4				
1.	Administrative Expenditure							
	(1) Pay and allowances							
	(2) Travel Expenses							
	(3) Water, electricity, rent, taxes etc.							
	(4) Petrol, oil, lubricant for vessels and vehicles							
	(5) Meeting, seminar, exhibition, advertisement							

	(6) Insurance (7) consultancy, technical studies, feasibility study, survey study, legal and audit fees (8) computer soft/hardware, CCTV, e-security, A.C, furniture etc. (11)Hiring of Vehicles (12)Replacement of Vehicles (13)Telephone Charges (14)Income Tax 15) GST 16) H.R.D. Including Training to Staff 17) Board's Share to EPF (18) Manning Charges (20) Rent (21) Miscellaneous						
2.	Capital Expenditure						
	(a) M & R to Building (b) M & R of other Civil Engg. Works / Jetties (c) Construction of New Building. (d) Purchase of Land (e) Port Infrastructure Development						

	Works including extension of Jetty (f) Dredging at Ports (g) Construction of Anti Sea Erosion Bunds (h) Providing New Navigational Aids (i) M & R Vessels (j) M & R and Upgradation of Survey Equipment (k) M & R to Vehicles / (l) Acquisition / Replacement of (m) Survey Equipment n) M & R & AMC For Computers (o) Contribution to S.P.V. & equity participation in port projects						
3.	Repayment of loans						
4.	Interest on loans						
5.	Investment						
6.	Advances made						
7.	Miscellaneous						

FORM-2
(See sub-rule (2) of rule 8)
Annual Statement of Account
Income and expenditure account of the Karnataka Maritime Board for the
year ended _____

Expenditure			Receipts		
Sl.No.	To	Rs.	Sr.No.	By	Rs.
1.	Administrative Expenditure		I.	Grant	
	(1) Pay of Officers (2) Pay of Establishment (c) Allowances and Honorarium (d) Leave Salary and Pension Contribution (e) Contingent Expenditures (f) Running and maintenance of vehicles (g) Fees to consultants (h) Legal Charges (i) Fees for Audit (j) Miscellaneous		2.	Fees	
				Cargo related Fees (a) Landing Fees (b) Shipping Fees	
2.	Capital Expenditure			Water transport related Fees (a) Passenger Levy (b) Passenger License Fee (c) I.V. Registration	
3.	Purchase			Lease Rent related charges (a) Lease Rent (b) Shooting Charges (c) Ground Rent (d) Storing and stocking charges (e) Water Charges (f) Auction/disposal/Lease Premium	
4.	Advances			Vessel Related charges (a) Port Dues (b) Berthing and Jetty Charges (c) Anchorage and Mooring Charges (d) Mortgage Fees	
5.	Expenditure connected with the raising of new loans and issues of debenture			Service related charges (a) Vessel Survey Charges (b) Pilotage Charges (c) Tug Attendance Fee (d) Launch Hire Charges	
6.	Interest on loans, debenture etc.		3.	Interest on investments	
7.	Miscellaneous			Investment realised	
			4.	Others	
				Sale proceeds of land, building and equipment's	
				Loan	
				Deposits	
				Fines and forfeitures	
				Recoveries of advances	
				Fines and Penalties	
				Tender form Fees	
				Building Rents	
				EMD receivable	
				Miscellaneous Receipts	

FORM – 3

(See sub-rule (3) of rule 8)

**BALANCE SHEET OF THE KARNATAKA MARITIME BOARD FOR THE
YEAR _____**

Balance Sheet as on 31st March _____

A/c Code	Liabilities	Current year as on	Previous year as on	A/c Code	Assets	Current year as on	Previous year as on
	Funds				Fixed Assets		
	Capital Fund				Gross Block at Cost		
	Add Excess of Income over Expenditure/ less excess of Expenditure over Income				Less Cumulative depreciation		
	Other Funds (Specify)				Net Block		
	Reserves				Capital Work-in-progress		
	Loans				Investments & Deposits		
	Government				Investment		
	Others				Deposits		
	Current Liabilities and provisions				Loans and Advances		
					Accountant with Government		
					Sundry Debtors		
					Cash and Bank Balances		
					Other Current Assets		
	Total				Total		

Accounting Policies and notes:

Member(s)

(Signature)

Chairman

(Signature)

GOVERNMENT OF KARNATAKA

No: PWD 111 PSP 2017

Karnataka Government Secretariat,
Vikasa Soudha,
Bangalore, Dated :18th May 2019.

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Any objection or suggestion which may be received by the State Government from any person with respect to the said draft before the expiry of period specified above will be considered by the State Government. The objections and suggestions may be addressed to the Additional Chief Secretary to Government, Department of Public Works, Ports and Inland Transport Department, Room No. 335, 3rd Floor, Vikas Soudha, Dr. Ambedkar Veedhi, Bengaluru-560001.

DRAFT RULES

CHAPTER – I

PRELIMINARY

1. Title and commencement.- (1) These rules may be called the Karnataka Maritime Board Rules, 2019.

(2) They shall come into force from the date of their final publication in the Official Gazette.

2. Definitions.- (1) In these rules, unless the context otherwise requires,-

- (m) **“Act”** means the Karnataka Maritime Board Act, 2015 (Karnataka Act 41 of 2017);
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- (q) "**Chief Executive Officer**" means, the person appointed by the Government to be the Chief Executive Officer of the Board under sub-section (1) of Section 17 of the Act;
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(3) The Members of the Board or the committees shall be paid a sitting fee of rupees one thousand per day for attending meetings of the Board or the committees or conferences.

(4) It shall be open to the Chairman or any other members not to draw any remuneration but to work in an honorary capacity.

CHAPTER – III **APPOINTMENT OF BOARD EMPLOYEES**

4. Terms and conditions of Chief Executive Officer.- (1) Save as otherwise provided in these rules, the term of office of the Chief Executive Officer of the Board shall be not less than one year.

(2) The Government shall appoint an officer from the cadre of IAS or any equivalent cadre, or officer from central service or Group A officer of the State cadre not below the rank of Selection Grade of IAS having knowledge in the field of ports and inland waterways and the matters connected thereto.

(3) The Chief Executive Officer shall receive such monthly salary and other allowances payable wholly by the Board, as the Government may determine from time to time.

(4) The State Government may from time to time grant leave of absence for such period as it thinks fit to the Chief Executive Officer. A copy of every order granting leave to the Chief Executive Officer shall be communicated to the Chairman.

(5) Chief Executive Officer shall exercise such powers and discharge the duties as are conferred on him and delegated to him by or under the Act.

5. Competent authority to appoint staff of the Board.- Chief Executive Officer shall be the Competent Officer to appoint other staffs of the Board subject to the following Conditions namely:-

- (d) the appointment shall be in accordance with the method of recruitment of the employees of the Board specified by the regulations under sub section (2) of Section 18 of the Act;
- (e) the appointment shall be in accordance with the various service rules applicable to the appointment of State Government employees; and
- (f) the Rules and Orders regarding reservation in appointment shall be strictly followed.

CHAPTER – IV **EXECUTION OF CONTRACT**

6. Mode and manner of executing contracts.- (1) The Board may enter into and perform all such contracts as it may consider necessary or expedient for carrying into effect the provisions of the Act.

(2) Every Contract for the execution of any work or the supply of any materials or goods under section 78 which involve an expenditure exceeding Rupees One lakh shall be in writing.

(3) Every contract made under or for any purpose of the Act shall be executed on behalf of the Board and shall be signed by the Chief Executive Officer or any officer of the Board authorised in this behalf.

(4) In respect of executing contracts on behalf of the Board under Section 24 of the Act as far as practicable, the standard tender document issued for procurement of works and consultancy services by Finance Department or Public Works Department, Government of Karnataka shall be followed subject to the rules and orders issued by the Government from time to time.

(5) In inviting tenders and entering into contracts the Board shall, follow the principles laid down in the Karnataka Transparency in Public Procurement Act, 2000 and the Rules framed thereunder.

(6) A Contract not executed in accordance with the provisions of these Rules and the provision of the Act shall not be binding on the Board.

(7) The Chief Executive Officer or any officer of the Board authorised in this behalf shall execute the lease and license agreement with the port users for the lease and license of port infrastructure, port assets, port land etc. as per the applicable rules and regulations made from time to time.

CHAPTER – V

ACCOUNTS AND AUDITS

7. Budget Estimate.- (1) Budget estimate showing the estimated income and expenditure of the Board for the next financial year shall be prepared in the **Form - 1**.

(2) In addition to giving short details in remarks column, necessary explanatory note be added, giving larger details of income and expenditure for the purpose of understanding the overall position of income and expenditure of the Board.

8. Account and Audit.- (1) The Board shall keep at its Head-office proper books of account with respect to,-

- (d) all moneys received by it;
- (e) all other transactions of a pecuniary nature; and
- (f) assets and liabilities of the Board.

(2) The annual financial statement of accounts to be prepared by the Board and submitted to the Government under Section 88 of the Act shall be in **Form - 2**.

(3) The format for submission of the Balance Sheet of the Board under sub section (1) of Section 88 shall be in **Form - 3**.

(4) The income and expenditure of the Board shall be in form 4.

CHAPTER – VI
TRANSFER OF ASSETES AND LIABILITIES

9. Transfer of assets and liabilities.- (1) The properties, assets and funds referred to in clause (a) of Section 20 of the Act shall be valued though an independent valuer approved by the Government and in such manner as the Government may determine.

(2) Upon valuation by the independent valuer referred to in sub-rule (1) above, the properties, assets and funds and all rights to levy rates vested in the Government for the purposes of the port Inland Water Ways / Ferry Services and Coastal Protection Works immediately before the appointed day shall vest in the Board and until completion of the valuation by the independent valuer and other process relating to vesting of the same with the Board, the Government shall continue to discharge all the rights and obligations with respect thereto on behalf of the Board, in the same manner as it was discharging prior to the constitution of Board.

(3) After the appointed day, the Government shall furnish the following information to the Board;

(d) description and details of all the assets and liabilities transferred to the Board under the Act;

(e) details about contracts, projects, schemes undertaken by the Government and which are transferred to the Board under the Act; and

(f) particulars about the legal proceedings by or against them in connection with any assets or liabilities transferred to the Board under the Act and pending as on the date of establishment of the Board.

(4) Where any property or assets have been transferred to and vested in the Board under the Act, then;

(c) every person, in whose possession, custody or control any such property or assets may be, shall deliver the property or assets to the Board forthwith.

(d) any person who on the appointed date, has in his possession, custody or control any papers, books, documents, registers, records, or any property of whatever nature, relating to the Port Inland Water Ways or Ferry Services and Coastal Protection Works shall be liable to deliver them to the Board or to such person as the Board may direct.

(5) Where any doubt or dispute arises as to whether any property or asset has vested in the Board or any right, liability or obligation has become the right, liability or obligation of the Board, such doubt or dispute shall be referred to the Government whose decisions thereon shall be final and binding on the Board.

CHAPTER – VII
DETERMINING COMPENSATION

10. Determining fair and reasonable compensation.- In determining fair and reasonable compensation under sub section (3) of Section 36 of the Act, the prevailing market rates of the cost of materials and the age of the wharfs etc., shall be taken in to consideration.

CHAPTER – VIII
LOCAL ADVISORY COMMITTEE

11. Karnataka Maritime Board Local Advisory Committee.- (1) The members of the Local Advisory Committee shall hold office for a period of three years and shall on the expiration of their term of office, be eligible for re-appointment.

(2) The Local Advisory Committee shall meet at least once in two months. The Chairman may call a special meeting of the Local Advisory Committee whenever the Chairman of the Board deems it necessary in connection with any urgent business transaction.

(3) Every meeting of the Local Advisory Committee shall be presided over by the Chairman and in the absence of the Chairman, by a member nominated by the Chairman and in the absence of both the Chairman and such member, by any person elected by the members of the Local Advisory Committee present at the meeting from amongst members.

(4) Unless the Board otherwise decides, all meeting of the Local Advisory Committee shall be held within the jurisdiction of the Port Officer, who is the ex-officio Chairman of the Local Advisory Committee.

(5) All the members of the Committee who were present during the meeting shall affix their signatures to the record of the proceedings of the meetings of the Committee. The Chief Executive Officer shall maintain the record of proceedings of each meeting.

(6) The proceedings of every meeting of the Local Advisory Committee shall be placed before the Board at its next meeting.

12. Fees and Travelling allowances for Members of the Local Advisory Committee.- (1) Provisions of Karnataka Civil Service Rules Annexure A regulating the payment of travelling allowances to non-official members of councils, committees, conferences and other bodies constituted under the authority of the Government shall be applicable for payment of travelling and daily allowance to the members of the Local Advisory Committee other than a Government Servant.

(2) Members of the Local Advisory Committee who is in the Government service shall be entitled to draw daily allowance and travelling allowance on the scale admissible to him under the Travelling Allowance Rules applicable to him on such service as a Government servant.

CHAPTER – IX

TERMS AND CONDITIONS FOR BORROWING OF SUMS

13. Borrowing of sums by the Board.- (1) Subject to provisions of the Act and such conditions as may be specified from time to time by the Government in each case, the Board may, with the previous sanction of the Government, borrow moneys from any financial institutions of a bank as defined in these rules for the purposes of the Act including but not limited to any specific improvement works or for taking up any major capital project or work for development of new non-major ports or augmenting the port facilities, carrying out maintenance and operation of the ports, providing facilities and creating infrastructure for ship building, ship breaking etc.

(2) The Board may also from time to time, and with the previous sanction of the Government and subject to any statutory regulations under various statutes in vogue from time to time raise funds or borrow moneys by issuing Debentures or Bonds or Stocks or Dock certificates for the purposes of the Act including for the works or for any major capital or project works mentioned in sub-rule (1):

Provided that, the maximum amount which the Board may at a time raise as loan under this rule shall be rupees ten crores, unless the Government may by notification fix a higher amount.

(3) Subject to such conditions as may be prescribed by an order of the Government and the provisions of these rules, the Board may borrow sums from different sources for each of different sub-works of a work if such a sub-work or a group of sub-works is capable of being taken up and completed independent of the total work or project work as a whole.

(4) The debentures or bonds or stocks or dock certificate to be issued, issue price, form of debenture or bonds or stocks and the date of maturity shall be determined by the Board from time to time with the prior approval of Government.

(5) Debenture or bonds or stocks or dock certificate shall be guaranteed by the State Government as to the repayment of principal and payment of interest.

(6) The rate of interest shall be such as may, be fixed from time to time by the State Government.

(7) The debentures redemption fund shall be constituted for repayment of the debentures whose balance should not, at any time, be below the amount of outstanding debentures.

14. Determination of amount for borrowing.-Subject to proviso under sub-rule (2) of rule 13, the total amount of a sum or sums proposed to be borrowed from time to time under sub-rule (1) of rule 13, the form of borrowing and period of repayment and other terms and conditions thereto shall be determined by the Board from time to time with the previous approval of the Government.

15. Conditions subject to which debentures or bonds may be issued.-(1) The interest on the debentures or bonds shall be paid half yearly which are subject to deduction of income tax at source.

(2) The debentures or bonds shall be redeemable at par on the dates noted therein and the holder shall have no claim upon the Board for the interest accruing after the expiry of the term.

(3) The Debentures or Bonds which by reason of damage sustained have become unfit in circulation, shall be replaced at the request of the holder on surrendering the damaged or defaced debentures or bonds provided that the essential marks for genuineness and identity such as the number, the amount, the rate of interest, the date and signature of the Chairman and the member of the Board are still recognisable. Fresh debentures or bonds certificate shall also be issued to replace lost or debenture or bond certificate when in the opinion of the Board, the fact of destruction is proved beyond doubt. When such proof is not produced or when in case of damage, the essential marks on the debentures or bond certificate are lost and no longer recognisable, or when debenture or bond certificate has been lost or has been mislaid, a new debenture or bond certificate may be issued only after the debenture which is alleged to be missing or unrecognisable has been advertised by the claimant in the manner specified by the Board and is not claimed by any other person.

(4) The Debenture Holder or Bond Holder will furnish an indemnity bond prescribed on the non-judicial stamp duly attested which would cover any loss that may be caused to the Board by misuse of the lost or damaged debenture or bond certificate.

(5) The reissue of a debenture or bond certificate shall be made for the same amount under the same number with the addition of the word "RENEWED". A fee of rupees One thousand shall be charged for every issue of renewed debenture or bond certificate thus issued.

(6) All debentures shall be signed by the Chief Executive Officer or by any one of the authorized official members of the Board.

(7) Every debenture issued by the Board shall be transferable by endorsement, unless some other mode of transfer is specified therein.

(8) All coupons attached to debentures issued by the Board shall bear the signature of the Chief Executive Officer and such signature may be engraved, lithographed or impressed by any mechanical process.

16. Reservation of Debentures.-(1) The Board may, with the sanction of the Government, reserve the debenture bonds for issuing to any particular Bank or other Institution.

(2) Brokerage at such rate as may be fixed by the Board from time to time but not exceeding the rate shown in the Reserve Bank of India's sanction shall be paid to Banks, recognized brokers and authorized agents on their application and also on applications through them, bearing their

seal, provided the total subscription received from them is not less than such sum as may be determined by the Board.

(3) Underwriting commission at such rates as may be determined by the Board, but not exceeding the rate shown in the Reserve Bank of India's sanction, shall be paid to Bankers and recognized Brokers who invest a sum of not less than the minimum amount that may be fixed by the Board.

17. Application.-Applications for the issue of debentures or bonds shall be made to the Registrar of Board funds of the Board, in such form and subject to such terms and conditions as may be specified in the notification of the Chief Executive Officer inviting applications for consideration.

18. Subscription.-(1) Subscriptions to the Debentures may be made by cheques or by crossed demand drafts of any specified bank in favour the Registrar of Funds of the Board. In respect of outstation cheques, commission and collection charges shall be borne by the subscriber. The debentures or bonds shall be issued only after the subscriptions are fully realized.

(2) If the subscriptions under sub-rule (1) exceed the total amount of debentures or bonds to be issued, partial allotment may be made on prorata basis and the balance of the sum paid at the time of application, shall be refunded within two months of the close of the date of subscription. The Board may, reserve the right to retain the subscriptions received up to ten percent in excess of the sum floated.

19. Value of debentures or stock or bonds.- The debentures or stock or bonds shall be issued in denomination of rupees one hundred, rupees one thousand, rupees ten thousand, rupees twenty five thousand, rupees fifty thousand, rupees one lakh and rupees five lakh.

20. Common seal of the Board.- The Common Seal of the Board shall not be affixed to any instrument except pursuant to a resolution of the Board and except in the presence of at least two Directors (one of whom shall be the Chief Executive Officer) who shall sign their names to the instrument in token of their presence, and such signing shall be independent of the signing of any person who may sign the instrument as a witness. Unless so signed as aforesaid, such instrument shall be of no validity.

21. Notification inviting subscriptions.-(1) The notification inviting subscriptions for issue of debentures or bonds shall, apart from form of application and the conditions, under rule 13, also specify following and all such other terms and conditions as may be required from time to time.-

- (m) brief description of debentures or bonds, indicating the percentage of interest and date of maturity.
- (n) the total amount of the issue and the issue price of each "bond" "debenture."

- (o) denomination of the bonds or debentures.
- (p) cost of the application.
- (q) manner of submission of the application
- (r) method of paying subscription
- (s) indication in regard to the authorised bank
- (t) rate of interest
- (u) place of payment of interest and specified periods for which interest is payable
- (v) manner of repayment on maturity
- (w) form of debenture or bond.
- (x) other conditions, if any.

22. Appointment of Registrar.-The Chief Executive Officer shall appoint a Chief Finance Officer or any other officer of the Board, as ex-officio Registrar of funds to be in charge of receipt of sums borrowed, issue of bonds debentures and receipt of subscriptions and for the administration of funds borrowed under rule 13 and maintenance of accounts of expenditure thereto.

23. Administrative Report.- The Board shall prepare Annual Administrative report in Form 5.

By Order and in the name of the
Governor of Karnataka,

(KRISHNAMURTHY B.KULKARNI)
Additional Secretary to Government,
Public Works, Ports and Inland Water
Transport Department.

Form – I
(See sub-rule (1) of rule 7)
Budget Form
Budget estimates of the Karnataka Maritime Board
Statement I: RECEIPTS

Sl. No.	Head of Accounts	Actuals for the past three years			Sanctioned Budget estimate for the current year	Revised estimate for the current year ____	Budget estimate for the next year ____	Explanation for Increase/Decrease
		2	3	4				
1.	Grant							
2.	Fees							
	Cargo related Fees (a) Landing Fees (b) Shipping Fees							
	Water transport related Fees (a) Passenger Levy (b) Passenger License Fee (c) I.V. Registration							
	Lease Rent related charges (a) Lease Rent (b) Shooting Charges (c) Ground Rent (d) Storing and stocking charges (e) Water Charges (f) Auction/disposal/Lease Premium							
	Vessel Related charges (a) Port Dues (b) Berthing and Jetty Charges (c) Anchorage and Mooring Charges (d) Mortgage Fees							
	Service related charges (a) Vessel Survey Charges (b) Pilotage							

	Charges (c) Tug Attendance Fee (d) Launch Hire Charges							
3.	Interest on investments							
	Investment realised							
4.	Others							
	Sale proceeds of land, building and equipment's							
	Loan							
	Deposits							
	Fines and forfeitures							
	Recoveries of advances							
	Fines and Penalties							
	Tender form Fees							
	Building Rents							
	EMD receivable							
	Miscellaneous Receipts							

Statement II: Expenditure

Sl. No.	Item	Actuals for the past three years			Sanctioned Budget estimate for the current year	Revised estimate for the current year ____	Budget estimate for the next year ____	Explanatio n for Increase/D ecrease
		2	3	4				
1.	Administrative Expenditure							
	(1) Pay and allowances (2) Travel Expenses (3) Water, electricity, rent, taxes etc. (4) Petrol, oil, lubricant for vessels and vehicles (5) Meeting, seminar, exhibition, advertisement							

	(6) Insurance (7) consultancy, technical studies, feasibility study, survey study, legal and audit fees (8) computer soft/hardware, CCTV, e-security, A.C, furniture etc. (11)Hiring of Vehicles (12)Replacement of Vehicles (13)Telephone Charges (14)Income Tax 15) GST 16) H.R.D. Including Training to Staff 17) Board's Share to EPF (18) Manning Charges (20) Rent (21) Miscellaneous						
2.	Capital Expenditure						
	(a) M & R to Building (b) M & R of other Civil Engg. Works / Jetties (c) Construction of New Building. (d) Purchase of Land (e) Port Infrastructure Development						

	Works including extension of Jetty (f) Dredging at Ports (g) Construction of Anti Sea Erosion Bunds (h) Providing New Navigational Aids (i) M & R Vessels (j) M & R and Upgradation of Survey Equipment (k) M & R to Vehicles / (l) Acquisition / Replacement of (m) Survey Equipment n) M & R & AMC For Computers (o) Contribution to S.P.V. & equity participation in port projects						
3.	Repayment of loans						
4.	Interest on loans						
5.	Investment						
6.	Advances made						
7.	Miscellaneous						

FORM-2
(See sub-rule (2) of rule 8)
Annual Statement of Account
Income and expenditure account of the Karnataka Maritime Board for the
year ended _____

Expenditure			Receipts		
Sl.No.	To	Rs.	Sr.No.	By	Rs.
1.	Administrative Expenditure		I.	Grant	
	(1) Pay of Officers (2) Pay of Establishment (c) Allowances and Honorarium (d) Leave Salary and Pension Contribution (e) Contingent Expenditures (f) Running and maintenance of vehicles (g) Fees to consultants (h) Legal Charges (i) Fees for Audit (j) Miscellaneous		2.	Fees	
				Cargo related Fees (a) Landing Fees (b) Shipping Fees	
2.	Capital Expenditure			Water transport related Fees (a) Passenger Levy (b) Passenger License Fee (c) I.V. Registration	
3.	Purchase			Lease Rent related charges (a) Lease Rent (b) Shooting Charges (c) Ground Rent (d) Storing and stocking charges (e) Water Charges (f) Auction/disposal/Lease Premium	
4.	Advances			Vessel Related charges (a) Port Dues (b) Berthing and Jetty Charges (c) Anchorage and Mooring Charges (d) Mortgage Fees	
5.	Expenditure connected with the raising of new loans and issues of debenture			Service related charges (a) Vessel Survey Charges (b) Pilotage Charges (c) Tug Attendance Fee (d) Launch Hire Charges	
6.	Interest on loans, debenture etc.		3.	Interest on investments	
7.	Miscellaneous			Investment realised	
			4.	Others	
				Sale proceeds of land, building and equipment's	
				Loan	
				Deposits	
				Fines and forfeitures	
				Recoveries of advances	
				Fines and Penalties	
				Tender form Fees	
				Building Rents	
				EMD receivable	
				Miscellaneous Receipts	

FORM – 3

(See sub-rule (3) of rule 8)

**BALANCE SHEET OF THE KARNATAKA MARITIME BOARD FOR THE
YEAR _____**

Balance Sheet as on 31st March _____

A/c Code	Liabilities	Current year as on	Previous year as on	A/c Code	Assets	Current year as on	Previous year as on
	Funds				Fixed Assets		
	Capital Fund				Gross Block at Cost		
	Add Excess of Income over Expenditure/ less excess of Expenditure over Income				Less Cumulative depreciation		
	Other Funds (Specify)				Net Block		
	Reserves				Capital Work-in-progress		
	Loans				Investments & Deposits		
	Government				Investment		
	Others				Deposits		
	Current Liabilities and provisions				Loans and Advances		
					Accountant with Government		
					Sundry Debtors		
					Cash and Bank Balances		
					Other Current Assets		
	Total				Total		

Accounting Policies and notes:

Member(s)
(Signature)Chairman
(Signature)