

IndiaCode

The National Highways Authority of India Act, 1988

(ACT NO. 68 OF 1988)

[*As on the* 21*st May*, 2025]

LIST OF AMENDING ACTS

1. The National Highways Laws (Amendment) Act, 1997 (16 of 1997).
2. The National Highways Authority of India (Amendment) Act, 2013 (19 of 2013).

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LIST OF ABBREVIATIONS USED

Cl., cls.	*for*	Clause, clauses.
Ins.	,,	Inserted.
Notifn.	,,	Notification.
S., ss.	,,	Section, sections.
Sch.	,,	Schedule.
Subs.	,,	Substituted.
w.e.f.	,,	with effect from.

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THE NATIONAL HIGHWAYS AUTHORITY OF INDIA ACT, 1988

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THE NATIONAL HIGHWAYS AUTHORITY OF INDIA ACT, 1988

ACT NO. 68 OF 1988

[16*th December*, 1988.]

An Act to provide for the constitution of an Authority for the development, maintenance and management of national highways and for matters connected therewith or incidental thereto.

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

CHAPTER I

PRELIMINARY

1. Short title, extent and commencement.—(*1*) This Act may be called the National Highways Authority of India Act, 1988.

(*2*) It extends to the whole of India.

(*3*) It shall come into force on such date[1] as the Central Government may, by notification in the Official Gazette, appoint.

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

(*a*) "Authority" means the National Highways Authority of India constituted under section 3;

(*b*) "Chairman" means the Chairman of the Authority;

(*c*) "employee" means a person in the full-time service of the Authority;

(*d*) "member" means a member of the Authority appointed under section 3 and includes the Chairman;

(*e*) "national highway" means any highway for the time being declared as a national highway under section 2 of the National Highways Act, 1956 (48 of 1956);

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

(*g*) "regulations" means regulations made by the Authority under this Act;

(*h*) words and expressions used herein and not defined but defined in the National Highways Act, 1956 (48 of 1956) shall have the meanings assigned to them in that Act.

CHAPTER II

THE NATIONAL HIGHWAYS AUTHORITY OF INDIA

3. Constitution of the Authority.—(*1*) With effect from such date as the Central Government may, by notification in the Official Gazette, appoint in this behalf, there shall be constituted for the purposes of this Act an Authority to be called the National Highways Authority of India.

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

[2][(*3*) The Authority shall consist of—

(*a*) a Chairman;

(*b*) not more than six full-time members; and

(*c*) not more than six part-time members,

to be appointed by the Central Government by notification in the Official Gazette:

1. 15th June, 1989, *vide* Notifn. No. S.O. 451(E), dated 15th June, 1989, s*ee* Gazette of India, Extraordinary, Part II, sec. 3(*ii*).
15th June, 1989, *vide* Notifn. No. S.O. 450(E), dated 15th June, 1989, s*ee* Gazette of India, Extraordinary, Part II, sec. 3(*ii*).
2. Subs. by Act 19 of 2013, s. 2, for sub-section 3 (w.e.f. 10-9-2013).

Provided that the Central Government shall, while appointing the part-time members, ensure that at least two of them are non-Government professionals having knowledge or experience in financial management, transportation planning or any other relevant discipline.]

4. Term of office and conditions of service of members.—The term of office and other conditions of service of the members shall be such as may be prescribed.

5. Disqualifications for appointment as member.—A person shall be disqualified for being appointed as a member if he—

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

(*b*) is an undischarged insolvent; or

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

(*d*) has been removed or dismissed from the service of the Government or a Corporation owned or controlled by the Government; or

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

6. Eligibility of member for reappointment.—Subject to the other terms and conditions of service as may be prescribed, any person ceasing to be a member shall be eligible for reappointment as such member.

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

(*2*) If for any reason the Chairman is unable to attend any meeting of the Authority any other member chosen by the members present at the meeting shall preside at the meeting.

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

8. Vacancy in the Authority not to invalidate proceedings.—No act or proceeding of the Authority shall be invalidated merely by reason of—

(*a*) any vacancy in, or any defect in the constitution of, the Authority; or

(*b*) any defect in the appointment of a person acting as a member of the Authority; or

(*c*) any irregularity in the procedure adopted by the Authority not affecting the merits of the case.

9. Appointment of officers, consultants and other employees of the Authority.—(*1*) For the purpose of discharging its functions, the Authority shall appoint such number of officers and other employees as it may consider necessary on such terms and conditions as may be laid down by the regulations.

(*2*) The Authority may appoint, from time to time, any person as adviser or consultant as it may consider necessary, on such terms and conditions as may be laid down by the regulations.

10. Authority to act on business principles.—In the discharge of its functions under this Act, the Authority shall act, so far as may be, on business principles.

CHAPTER III

PROPERTY AND CONTRACTS

11. Power of the Central Government to vest or entrust any national highway in the Authority.—The Central Government may, from time to time, by notification in the Official Gazette, vest in, or entrust to, the Authority, such national highway or any stretch thereof as may be specified in such notification.

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12. Transfer of assets and liabilities of the Central Government to the Authority.—(*1*) On and from the date of publication of the notification under section 11,—

(*a*) all debts, obligations and liabilities incurred, all contracts entered into and all matters and things engaged to be done by, with, or for, the Central Government, immediately before such date for or in connection with the purposes of any national highway or any stretch thereof vested in, or entrusted to, the Authority under that section, shall be deemed to have been incurred, entered into and engaged to be done by, with, or for, the Authority;

(*b*) all non-recurring expenditure incurred by or for the Central Government for or in connection with the purposes of any national highway or any stretch thereof, so vested in, or entrusted to, the Authority, up to such date and declared to be capital expenditure by the Central Government shall, subject to such terms and conditions as may be prescribed, be treated as capital provided by the Central Government to the Authority;

(*c*) all sums of money due to the Central Government in relation to any national highway or any stretch thereof, so vested in, or entrusted to, the Authority immediately before such date shall be deemed to be due to the Authority;

(*d*) all suits and other legal proceedings instituted or which could have been instituted by or against the Central Government immediately before such date for any matter in relation to such national highway or any stretch thereof may be continued or instituted by or against the Authority.

(*2*) If any dispute arises as to which of the assets, rights or liabilities of the Central Government have been transferred to the Authority, such dispute shall be decided by the Central Government.

[1][**13. Compulsory acquisition of land for the Authority.**—Any land required by the Authority for discharging its functions under this Act shall be deemed to be land needed for a public purpose and such land may be acquired for the Authority under the provisions of the National Highways Act, 1956 (48 of 1956).]

14. Contracts by the Authority.—Subject to the provisions of section 15, the Authority shall be competent to enter into and perform any contract necessary for the discharge of its functions under this Act.

15. Mode of executing contracts on behalf of the Authority.—(*1*) Every contract shall, on behalf of the Authority, be made by the Chairman or such other member or such officer of the Authority as may be generally or specially empowered in this behalf by the Authority and such contracts or classes of contracts as may be specified in the regulations shall be sealed with the common seal of the Authority:

Provided that no contract exceeding such value or amount as the Central Government may prescribe in this behalf shall be made unless it has been previously approved by that Government:

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

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

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

CHAPTER IV

FUNCTIONS OF THE AUTHORITY

16. Functions of the Authority.— (*1*) Subject to the rules made by the Central Government in this behalf, it shall be the function of the Authority to develop, maintain and manage the national highways and any other highways vested in, or entrusted to, it by the Government.

1. Subs. by Act 16 of 1997, s. 6, for s. 13 (w.e.f. 24-1-1997).

(*2*) Without prejudice to the generality of the provisions contained in sub-section (*1*), the Authority may, for the discharge of its functions—

(*a*) survey, develop, maintain and manage highways vested in, or entrusted to, it;

(*b*) construct offices or workshops and establish and maintain hotels, motels, restaurants and rest-rooms at or near the highways vested in, or entrusted to, it;

(*c*) construct residential buildings and townships for its employees;

(*d*) regulate and control the plying of vehicles on the highways vested in, or entrusted to, it for the proper management thereof;

(*e*) develop and provide consultancy and construction services in India and abroad and carry on research activities in relation to the development, maintenance and management of highways or any facilities thereat;

(*f*) provide such facilities and amenities for the users of the highways vested in, or entrusted to, it as are, in the opinion of the Authority, necessary for the smooth flow of traffic on such highways;

(*g*) form one or more companies under the Companies Act, 1956 (1 of 1956) to further the efficient discharge of the functions imposed on it by this Act;

[1][(*h*) engage, or entrust any of its functions to, any person on such terms and conditions as may be prescribed;]

(*i*) advise the Central Government on matters relating to highways;

(*j*) assist, on such terms and conditions as may be mutually agreed upon, any State Government in the formulation and implementation of schemes for highway development;

(*k*) collect fees on behalf of the Central Government for services or benefits rendered under section 7 of the National Highways Act, 1956 (48 of 1956), as amended from time to time, and such other fees on behalf of the State Governments on such terms and conditions as may be specified by such State Governments; and

(*l*) take all such steps as may be necessary or convenient for, or may be incidental to, the exercise of any power or the discharge of any function conferred or imposed on it by this Act.

(*3*) Nothing contained in this section shall be construed as—

(*a*) authorising the disregard by the Authority of any law for the time being in force; or

(*b*) authorising any person to institute any proceeding in respect of a duty or liability to which the Authority or its officers or other employees would not otherwise be subject under this Act.

CHAPTER V

FINANCE, ACCOUNTS AND AUDIT

[2][**17. Additional capital and grants to the Authority by the Central Government**.—The Central Government may, after due appropriation made by Parliament, by law in this behalf,—

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

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

18. Fund of the Authority.—(*1*) There shall be constituted a Fund to be called the National Highways Authority of India Fund and there shall be credited thereto—

(*a*) any grant or aid received by the Authority;

1. Subs. by Act 16 of 1997, s. 7, for Cl. (*h*) (w.e.f. 24-1-1997).
2. Subs. by s. 8, *ibid*., for s. 17 (w.e.f. 24-1-1997).

(*b*) any loan taken by the Authority or any borrowings made by it;

(*c*) any other sums received by the Authority.

(*2*) The Fund shall be utilised for meeting—

(*a*) expenses of the Authority in the discharge of its functions having regard to the purposes for which such grants, loans or borrowings are received and for matters connected therewith or incidental thereto;

(*b*) salary, allowances, other remuneration and facilities provided to the members, officers and other employees of the Authority;

(*c*) expenses on objects and for purposes authorised by this Act.

19. Budget.—The Authority shall prepare, in such form and at such time in each financial year as may be prescribed, its budget for the next financial year, showing the estimated receipts and expenditure of the Authority and forward the same to the Central Government.

20. Investment of funds.—The Authority may invest its funds (including any reserve fund) in the securities of the Central Government or in such other manner as may be prescribed.

21. Borrowing powers of the Authority.—(*1*) The Authority may, with the consent of the Central Government or in accordance with the terms of any general or special authority given to it by the Central Government, borrow money from any source by the issue of bonds, debentures or such other instruments as it may deem fit for discharging all or any of its functions under this Act.

(*2*) Subject to such limits as the Central Government may, from time to time, lay down, the Authority may borrow temporarily by way of overdraft or otherwise, such amounts as it may require for discharging its functions under this Act.

(*3*) The Central Government may guarantee in such manner as it thinks fit the repayment of the principal and the payment of interest thereon with respect to the borrowings made by the Authority under sub-section (*1*).

22. Annual report.—The Authority shall prepare, in such form and at such time in each financial year as may be prescribed, its annual report, giving a full account of its activities during the previous financial year, and submit a copy thereof to the Central Government.

23. Accounts and audit.—The accounts of the Authority shall be maintained and audited in such manner as may, in consultation with the Comptroller and Auditor-General of India, be prescribed and the Authority shall furnish, to the Central Government before such date as may be prescribed, its audited copy of accounts together with the auditor's report thereon.

24. Annual report and auditor's report to be laid before Parliament.—The Central Government shall cause the annual report and auditor's report to be laid, as soon as may be, after they are received, before each House of Parliament.

CHAPTER VI

MISCELLANEOUS

25. Delegation of powers.—The Authority may, by general or special order in writing, delegate to the Chairman or any other member or to any officer of the Authority, subject to such conditions and limitations, if any, as may be specified in the order, such of its powers and functions under this Act (except its powers under section 35) as it may deem necessary.

26. Authentication of orders and other instruments of the Authority.—All orders, decisions and other instruments of the Authority shall be authenticated by the signature of the Chairman or any other member or any officer of the Authority authorised by it in this behalf.

27. Employees of the Authority to be public servants.—All members, officers and employees of the Authority shall, when acting or purporting to act in pursuance of the provisions of this Act or of any rule or regulation made thereunder, be deemed to be public servants within the meaning of section 21 of the Indian Penal Code (45 of 1860).

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28. Protection of action taken in good faith.—(*1*) No suit, prosecution or other legal proceeding shall lie against the Authority or any member or officer or employee of the Authority for anything which is in good faith done or intended to be done under this Act or the rules or regulations made thereunder.

(*2*) No suit, prosecution or other legal proceeding shall lie against the Authority or any member or officer or employee of the Authority for any damage caused or likely to be caused by anything which is in good faith done or intended to be done under this Act or the rules or regulations made thereunder.

29. Power of the Authority to undertake certain works.—The Authority may undertake to carry out on behalf of the Government or any local authority any works or services or any class of works or services on such terms and conditions as may be agreed upon between the Authority and the Government or local authority concerned.

30. Power to enter.—Subject to any regulations made in this behalf any person, generally or specially authorised by the Authority in this behalf, may, whenever it is necessary so to do for any of the purposes of this Act, at all reasonable times, enter upon any land or premises, and—

(*a*) make any inspection, survey, measurement, valuation or enquiry;

(*b*) take levels;

(*c*) dig or bore into sub-soil;

(*d*) set out boundaries and intended lines of work;

(*e*) mark such levels, boundaries and lines by placing marks and cutting trenches; or

(*f*) do such other acts or things as may be prescribed:

Provided that no such person shall enter any boundary or any enclosed court or garden attached to a dwelling-house (except with the consent of the occupier thereof) without previously giving such occupier at least twenty-four hours' notice in writing of his intention to do so.

31. Power of the Central Government to temporarily divest the Authority of the management of any national highway.—(*1*) If, at any time, the Central Government is of opinion that in the public interest it is necessary or expedient so to do, it may, by order, direct the Authority to entrust the development, maintenance or management of any national highway or a part thereof with effect from such date and for such period and to such person as may be specified in the order and the Authority shall be bound to comply with such direction.

(*2*) Where development, maintenance or management of any national highway or part thereof is entrusted to any person specified under sub-section (*1*) (hereafter in this section referred to as the authorised person), the Authority shall cease to exercise and discharge all its powers and functions under this Act in relation to such national highway or part thereof and such powers and functions shall be exercised and discharged by the authorised person in accordance with the instructions, if any, which the Central Government may give to the authorised person from time to time:

Provided that no such power or function as may be specified by the Central Government by a general or special order shall be exercised or discharged by the authorised person except with the previous sanction of the Central Government.

(*3*) The Central Government may reduce or extend the period mentioned in sub-section (*1*) as it considers necessary.

(*4*) During the operation of an order made under sub-section (*1*), it shall be competent for the Central Government to issue, from time to time, such directions to the Authority as are necessary to enable the authorised person to exercise the powers and discharge the functions of the Authority under this Act in relation to the national highway or part thereof, the management of which has been entrusted to him and in particular, to transfer any sum of money from the Fund of the Authority to the authorised person for the management of the national highway or part thereof and every such direction shall be complied with by the Authority.

(*5*) On the cesser of operation of any order made under sub-section (*1*) in relation to any national highway or part thereof, the authorised person shall cease to exercise and perform the powers and

functions of the Authority under this Act in relation to such national highway or part thereof and the Authority shall continue to exercise and perform such powers and functions in accordance with the provisions of this Act.

(*6*) On the cesser of operation of any order made under sub-section (*1*) in relation to any national highway or part thereof, the authorised person shall hand over to the Authority any property (including any sum of money or other asset) remaining with him in connection with the management of such national highway or part thereof.

32. Power of the Central Government to supersede the Authority.—(*1*) If, at any time, the Central Government is of opinion—

(*a*) that on account of a grave emergency the Authority is unable to discharge the functions and duties imposed on it by or under the provisions of this Act; or

(*b*) that the Authority has persistently made default in complying with any direction issued by the Central Government under this Act or in the discharge of the functions and duties imposed on it by or under the provisions of this Act; or

(*c*) that circumstances exist which render it necessary in the public interest so to do,

the Central Government may, by notification in the Official Gazette, supersede the Authority for such period, not exceeding one year, as may be specified in the notification:

Provided that before issuing a notification under this sub-section for the reasons mentioned in clause (*b*), the Central Government shall give a reasonable opportunity to the Authority to show cause why it should not be superseded and shall consider the explanations and objections, if any, of the Authority.

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

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

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

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

(*3*) On the expiration of the period of supersession specified in the notification issued under sub-section (*1*), the Central Government may—

(*a*) extend the period of supersession for such further term, not exceeding one year, as it may consider necessary; or

(*b*) reconstitute the Authority by fresh appointment and in such a case, any person who vacated office under clause (*a*) of sub-section (*2*) shall not be deemed disqualified for appointment:

Provided that the Central Government may, at any time before the expiration of the period of supersession whether as originally specified under sub-section (*1*) or as extended under this sub-section, take action under clause (*b*) of this sub-section.

(*4*) The Central Government shall cause a notification issued under sub-section (*1*) or sub-section (*3*) and a full report of any action taken under this section and the circumstances leading to such action to be laid before both Houses of Parliament as soon as may be.

33. Power of the Central Government to issue directions.—(*1*) Without prejudice to the other provisions of this Act, the Authority shall, in the discharge of its functions and duties under this Act, be bound by such directions on questions of policy as the Central Government may give to it in writing from time to time.

(*2*) The decision of the Central Government whether a question is one of policy or not shall be final.

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34. Power of the Central Government to make rules.—(*1*) The Central Government may, by notification in the Official Gazette, make rules for carrying out the provisions of this Act.

(*2*) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for—

(*a*) the term of office and other conditions of service of the members;

(*b*) the powers and duties of the Chairman and of the members;

(*c*) the terms and conditions subject to which the non-recurring expenditure incurred by or for the Central Government for or in connection with the purposes of any national highway shall be treated as capital provided by the Central Government to the Authority under clause (*b*) of sub-section (*1*) of section 12;

(*d*) the value or amount required to be prescribed under sub-section (*1*) of section 15;

[1][(*dd*) the terms and conditions subject to which the functions of the Authority may be entrusted to any person under clause (*h*) of sub-section (*2*) of section 16;]

(*e*) the form in which and the time within which the Authority shall prepare its budget under section 19 and its annual report under section 22;

(*f*) the manner in which the Authority may invest its funds under section 20;

(*g*) the manner in which the accounts of the Authority shall be maintained and audited and the date before which the audited copy of the accounts together with the auditor's report thereon shall be furnished to the Central Government under section 23;

(*h*) the conditions and restrictions with respect to the exercise of the power to enter under section 30 and the matters referred to in clause (*f*) of that section; and

(*i*) any other matter which is required to be, or may be, prescribed.

35. Power of the Authority to make regulations.—(*1*) The Authority may, by notification in the Official Gazette, make regulations not inconsistent with this Act and the rules made thereunder to carry out the provisions of this Act.

(*2*) In particular, and without prejudice to the generality of the foregoing power, such regulations may provide for all or any of the following matters, namely:—

(*a*) the times and places of the meetings of the Authority and the procedure to be followed for the transaction of business at such meetings;

(*b*) the terms and conditions of service, method of recruitment and the remuneration of officers and other employees appointed by the Authority;

(*c*) the form and manner in which a contract or class of contracts may be made by the Authority and the contracts or classes of contracts which are to be sealed with the common seal of the Authority;

(*d*) the manner of preventing obstructions on the national highways for their normal functioning;

(*e*) the manner of prohibiting the parking or waiting of any vehicle or carriage on the national highway except at places specified by the Authority;

(*f*) the manner of prohibiting or restricting access to any part of the national highway;

(*g*) the manner of regulating or restricting advertisements on and around national highways; and

(*h*) generally for the efficient and proper maintenance and management of the national highways.

1. Ins. by Act 16 of 1997, s. 9 (w.e.f. 24-1-1997).

36. Power to remove difficulties.—(*1*) If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by notification in the Official Gazette, make order not inconsistent with the provisions of this Act as may appear to it to be necessary or expedient for the removal of the difficulty:

Provided that no such order shall be made after the expiration of two years from the commencement of this Act.

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

37. Rules and regulations to be laid before Parliament.—Every rule and every regulation made under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or regulation or both Houses agree that the rule or regulation should not be made, the rule or regulation shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule or regulation.

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STATEMENT OF OBJECTS AND REASONS

The development and maintenance of national highways is fully financed by the Central Government as this function comes within entry 23 of the Union List of the Seventh Schedule to the Constitution. Further, section 5 of the National Highways Act, 1956 provides that the Central Government may direct that any function in relation to the development or maintenance of national highways shall also be exercisable, among others, by any officer or authority subordinate to the Central Government. Under this provision, the function of execution of the field activities including survey, investigations and preparation of projects on national highways have been delegated to the respective State Governments, the Central Government retaining the activities pertaining to planning, approval of design and estimates, monitoring, etc. This system is commonly known as the 'Agency System' since the State Governments are paid 'Agency Charges' incurred by them on works executed on the national highway system.

2. Though the 'Agency System' of execution of national highway works by the State Public Works Departments has been functioning for a period of about 40 years, difficulties have been experienced from time to time.

3. Since the Central Government have no direct administrative control over the executive agency, there have been instances when the Central Government had to remain helpless in case a State Government overlooked the acts of omission or commission on the part of its staff engaged in the construction and maintenance of national highways. This has resulted in anomalous situations where the Central Government, being constitutionally responsible for the development and maintenance of national highways had to defend actions of State Governments in various forums, including Parliament, Similarly, the Centre generally has no role in fixation and operation of even major contracts, arbitration cases, payment of compensation to contractors, etc., over and above the original contract amounts and other items resulting in direct financial commitment of Central funds.

4. Under the circumstances, the only alternative is for the Centre to take over development and maintenance of the national highway system through the creation of an autonomous National Highways Authority. It is proposed that this Authority should take over, in a phased manner, the functions presently being performed by the State Public Works Departments.

5. The main functions of the Authority would be to develop and maintain national highways whose management and operation is vested in the Central Government.

Some of the salient features of the Bill are:.—

(*a*) the Authority, which will be a functional body, will consist of a Chairman and not more than five full-time members to be appointed by the Central Government. The Central Government may also appoint not more than four part-time members;

(*b*) the Central Government is being empowered to vest in, or entrust to, the Authority such national highways or any stretch thereof, as are vested at present in that Government under section 4 of the National Highways Act, 1956;

(*c*) any land required by the Authority for discharging its functions will be deemed to be land needed for a public purpose and such land may be acquired for the Authority under the provisions of the Land Acquisition Act, 1894 or any corresponding law for the time being in force;

(*d*) the Authority will have powers to enter into and perform any contract up to a certain value which will be prescribed by the Central Government;

(*e*) the Central Government will provide funds to the Authority for the discharge of its functions;

(*f*) the Authority will be responsible for the development, maintenance and management of the national highways which ate vested in it by the Central Government;

(*g*) the Authority will construct offices, workshops and residential buildings for its employees and construct way-side amenities near the national highways vested in it;

(*h*) the Authority will, on behalf of the Government, be empowered to collect fees for services or benefits rendered by it under section 7 of the National Highways Act, 1956;

(*i*) for the proper management of highways, the Authority will regulate and control the plying of vehicles on the highways vested in it;

(*j*) with the approval of the Central Government, the Authority will raise funds through the floating of bonds, issue of debentures, etc.

6. The Bill seeks to achieve the above objects.

RAJESH PILOT.

NEW DELHI;

The 27*th October,* 1988.

IndiaCode